

# ROGERS

— A R K A N S A S —

WHERE POSSIBLE LIVES

**Financial Statements  
and  
Supplementary Information  
December 31, 2024**

**(With Independent Auditor's Report Thereon)**

# CITY OF ROGERS, ARKANSAS

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
**City of Rogers, Arkansas**  
Rogers, Arkansas

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the general fund; street fund; and the aggregate remaining fund information of the **City of Rogers, Arkansas** (the City), as of and for the year ended December 31, 2024, the Rogers Water Utilities, a component unit of the City, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### *Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances of the funds as presented of the City as of December 31, 2024 (June 30, 2024 for Rogers Water Utilities), and their respective revenues, expenditures, and changes in fund balances and budgetary results for the year then ended, in accordance with the financial reporting provisions prescribed or permitted by the State described in Note 2.

#### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City as of December 31, 2024 (June 30, 2024 for Rogers Water Utilities), or changes in financial position thereof for the year then ended.

#### *Basis for Unmodified Opinion on Regulatory Basis of Accounting*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As described in Note 2 to the financial statements, the financial statements are prepared by the City on the basis of accounting practices prescribed or permitted by the State to demonstrate compliance with the State's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State.

Honorable Mayor and City Council  
**City of Rogers, Arkansas**

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices prescribed or permitted by the State of Arkansas to demonstrate compliance with the State of Arkansas' regulatory basis of accounting and budget laws. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 City's ability to continue as a going concern for one year after the date that the financial statements are issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Matters**

**Required Supplementary Information**

Accounting practices prescribed or permitted by the State, which practices differ from accounting principles generally accepted in the United States of America, require that certain supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the State, 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. 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 evidence sufficient to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (the Schedule) is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Schedule of Expenditures of State Awards are not a required part of the basic financial statements. The 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 other 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, the supplementary information is 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 issued our report dated September 26, 2025, on our consideration of the City'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 the City's internal control over financial reporting and compliance.



Rogers, Arkansas  
September 26, 2025

## **Basic Financial Statements**

# City of Rogers, Arkansas

## Balance Sheet – Regulatory Basis December 31, 2024

	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Funds In the Aggregate</u>	<u>Rogers Water Utilities June 30, 2024</u>	<u>Total</u>
<b>ASSETS AND DEFERRED</b>					
<b>OUTFLOWS OF RESOURCES</b>					
<b>Assets</b>					
Cash and cash equivalents	\$ 18,941,295	\$ -	\$ -	\$ 9,175,129	\$ 28,116,424
Investments	47,320,241	-	-	33,030,457	80,350,698
Accounts receivable, net	80,009	2,210	-	5,317,185	5,399,404
Due from other funds	14	-	46,051	23,101	69,166
Inventories	-	-	-	1,046,415	1,046,415
Prepaid expenses	64,410	3,235	746	185,284	253,675
<b>Restricted assets</b>					
Cash and cash equivalents	54,565	6,554,606	68,026,010	945,187	75,580,368
Investments	3,303,397	16,555,791	38,884,411	7,879,194	66,622,793
Accounts receivable, net	-	-	422,320	-	422,320
Fixed assets and right of use assets	-	-	-	250,243,848	250,243,848
	<u>69,763,931</u>	<u>23,115,842</u>	<u>107,379,538</u>	<u>307,845,800</u>	<u>508,105,111</u>
<b>Deferred Outflows of Resources</b>					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,936,440</u>	<u>2,936,440</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
	<u>\$ 69,763,931</u>	<u>\$ 23,115,842</u>	<u>\$ 107,379,538</u>	<u>\$ 310,782,240</u>	<u>\$ 511,041,551</u>

See accompanying notes to financial statements.

# City of Rogers, Arkansas

## Balance Sheet – Regulatory Basis December 31, 2024

	General Fund	Street Fund	Other Funds In the Aggregate	Rogers Water Utilities June 30, 2024	Total
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 4,129,047	\$ 4,129,047
Accrued expenses	-	-	-	1,677,490	1,677,490
Settlements pending	-	-	549,811	-	549,811
Due to other funds	-	-	46,065	23,101	69,166
Payables from restricted assets	-	-	15,826	1,523,870	1,539,696
Capital improvement bonds payable and other long term liabilities	-	-	-	24,904,378	24,904,378
Net pension liability	-	-	-	6,084,478	6,084,478
	-	-	611,702	38,342,364	38,954,066
<b>Deferred Inflows of Resources</b>	-	-	-	220,061	220,061
<b>Total Liabilities and Deferred Inflows of Resources</b>	-	-	611,702	38,562,425	39,174,127
<b>Fund Balances</b>					
Governmental funds					
Restricted	3,357,962	23,115,842	97,305,837	-	123,779,641
Committed	-	-	9,461,999	-	9,461,999
Assigned	9,567,476	-	-	-	9,567,476
Unassigned	56,838,493	-	-	-	56,838,493
Enterprise funds					
Invested in fixed assets, net of related debt	-	-	-	226,054,973	226,054,973
Restricted for maintenance of system	-	-	-	7,300,511	7,300,511
Unrestricted	-	-	-	38,864,331	38,864,331
	69,763,931	23,115,842	106,767,836	272,219,815	471,867,424
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	\$ 69,763,931	\$ 23,115,842	\$ 107,379,538	\$ 310,782,240	\$ 511,041,551

See accompanying notes to financial statements.

## City of Rogers, Arkansas

### Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis Year ended December 31, 2024

	General Fund	Street Fund	Other Funds in the Aggregate	Rogers Water Utilities June 30, 2024	Total
<b>REVENUES</b>					
Sales taxes	\$ 53,769,613	\$ -	\$ 31,310,677	\$ -	\$ 85,080,290
Property taxes	6,634,040	3,438,070	346	-	10,072,456
Franchise taxes	5,310,891	-	-	-	5,310,891
Turnback	1,039,632	5,748,587	-	-	6,788,219
Fines, forfeitures and costs	1,003,077	-	339,379	-	1,342,456
Insurance reimbursement	124,391	-	15,628,803	-	15,753,194
Program service revenues	7,183,214	162,832	3,538,457	-	10,884,503
Emergency 911 fees	-	-	989,014	-	989,014
Rental income	82,389	-	224,373	-	306,762
Contributions, donations, and grants	526,687	1,540,409	2,529,114	-	4,596,210
Water and sewer service fees	-	-	-	43,684,142	43,684,142
Investment income	3,542,581	1,116,886	6,344,882	-	11,004,349
Miscellaneous income	558,364	178,434	2,674	-	739,472
Net increase in fair value of investments	25,113	1,705	446,076	-	472,894
	79,799,992	12,186,923	61,353,795	43,684,142	197,024,852
<b>EXPENDITURES</b>					
General government	15,914,270	-	27,497,538	-	43,411,808
Law enforcement	17,837,807	-	1,198,311	-	19,036,118
Public safety	14,029,746	-	1,122,772	-	15,152,518
Streets and planning	2,939,840	7,014,916	-	-	9,954,756
Parks, recreation, and culture	12,071,131	-	94,958	-	12,166,089
Airport	-	-	888,370	-	888,370
Capital outlay	10,588,279	2,727,156	44,121,592	-	57,437,027
Water and sewer	-	-	-	29,617,774	29,617,774
Debt service					
Bond and loan principal and fees	-	-	23,657,519	-	23,657,519
Bond and loan interest	-	-	8,280,385	-	8,280,385
	73,381,073	9,742,072	106,861,445	29,617,774	219,602,364
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>6,418,919</b>	<b>2,444,851</b>	<b>(45,507,650)</b>	<b>14,066,368</b>	<b>(22,577,512)</b>

See accompanying notes to financial statements.

## City of Rogers, Arkansas

### Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis Year ended December 31, 2024

	General Fund	Street Fund	Other Funds in the Aggregate	Rogers Water Utilities June 30, 2024	Total
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	314,031	-	25,892,654	-	26,206,685
Transfers out	(25,553,534)	(599,068)	(54,083)	-	(26,206,685)
Proceeds from the sale of fixed assets	34,425	-	-	-	34,425
Capital contributions	-	-	-	8,858,970	8,858,970
	<u>(25,205,078)</u>	<u>(599,068)</u>	<u>25,838,571</u>	<u>8,858,970</u>	<u>8,893,395</u>
<b>NET CHANGE IN FUND BALANCES</b>	(18,786,159)	1,845,783	(19,669,079)	22,925,338	(13,684,117)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>88,550,090</u>	<u>21,270,059</u>	<u>126,436,915</u>	<u>249,294,477</u>	<u>485,551,541</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 69,763,931</u>	<u>\$ 23,115,842</u>	<u>\$ 106,767,836</u>	<u>\$ 272,219,815</u>	<u>\$ 471,867,424</u>

See accompanying notes to financial statements.

## City of Rogers, Arkansas

### Statement of Revenues, Expenditures, and Changes in Fund Balance – Regulatory Basis – General Fund – Budget to Actual Comparison Year ended December 31, 2024

	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Sales taxes	\$ 49,310,000	\$ 53,769,613	\$ 4,459,613
Property taxes	5,990,000	6,634,040	644,040
Franchise taxes	5,014,595	5,310,891	296,296
Turnback	1,050,000	1,039,632	(10,368)
Fines, forfeitures and costs	751,200	1,003,077	251,877
Insurance reimbursement	(66,413)	124,391	190,804
Program service revenues	5,811,300	7,183,214	1,371,914
Rental income	105,500	82,389	(23,111)
Contributions, donations, and grants	463,526	526,687	63,161
Investment income	600,000	3,542,581	2,942,581
Miscellaneous income	187,004	558,364	371,360
Net increase in fair value of investments	-	25,113	25,113
	<u>69,216,712</u>	<u>79,799,992</u>	<u>10,583,280</u>
<b>EXPENDITURES</b>			
General government	23,601,122	15,914,270	7,686,852
Law enforcement	18,470,798	17,837,807	632,991
Public safety	14,355,872	14,029,746	326,126
Streets and planning	3,574,796	2,939,840	634,956
Parks, recreation, and culture	13,981,191	12,071,131	1,910,060
Capital outlay	17,917,133	10,588,279	7,328,854
	<u>91,900,912</u>	<u>73,381,073</u>	<u>18,519,839</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>			
	<u>(22,684,200)</u>	<u>6,418,919</u>	<u>29,103,119</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	396,191	314,031	(82,160)
Transfers out	(25,754,420)	(25,553,534)	200,886
Proceeds from the sale of fixed assets	15,000	34,425	19,425
	<u>(25,343,229)</u>	<u>(25,205,078)</u>	<u>138,151</u>
<b>NET CHANGE IN FUND BALANCE</b>			
	(48,027,429)	(18,786,159)	29,241,270
<b>FUND BALANCE, BEGINNING OF YEAR</b>			
	<u>88,550,090</u>	<u>88,550,090</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>			
	<u>\$ 40,522,661</u>	<u>\$ 69,763,931</u>	<u>\$ 29,241,270</u>

See accompanying notes to financial statements.

## City of Rogers, Arkansas

### Statement of Revenues, Expenditures, and Changes in Fund Balance – Regulatory Basis – Street Fund – Budget to Actual Comparison Year ended December 31, 2024

	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 6,000,000	\$ 3,438,070	\$ (2,561,930)
Turnback	3,100,000	5,748,587	2,648,587
Fines, forfeitures and costs	10,000	-	(10,000)
Program service revenues	-	162,832	162,832
Contributions, donations, and grants	-	1,540,409	1,540,409
Investment income	-	1,116,886	1,116,886
Miscellaneous income	27,900	178,434	150,534
Net increase in fair value of investments	-	1,705	1,705
	9,137,900	12,186,923	3,049,023
<b>EXPENDITURES</b>			
Streets and planning	9,669,179	7,014,916	2,654,263
Capital outlay	5,105,781	2,727,156	2,378,625
	14,774,960	9,742,072	5,032,888
<b>EXCESS OF REVENUES OVER UNDER EXPENDITURES</b>			
	(5,637,060)	2,444,851	8,081,911
<b>OTHER FINANCING (USES)</b>			
Transfers out	(608,068)	(599,068)	9,000
	(608,068)	(599,068)	9,000
<b>NET CHANGE IN FUND BALANCE</b>			
	(6,245,128)	1,845,783	8,090,911
<b>FUND BALANCE, BEGINNING OF YEAR</b>			
	21,270,059	21,270,059	-
<b>FUND BALANCE, END OF YEAR</b>			
	\$ 15,024,931	\$ 23,115,842	\$ 8,090,911

See accompanying notes to financial statements.

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

### **NOTE 1: NATURE OF ACTIVITIES**

The City of Rogers, Arkansas (the City) was incorporated under the laws of the State of Arkansas and operates under an elected Mayor-Council form of government. The City is authorized by its Charter to provide the following services:

1. Public Safety (Police and Fire)
2. Streets
3. Public Improvements
4. Planning and Zoning
5. General Administrative
6. Water and Sewer

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Accounting***

All funds, excluding enterprise and fiduciary funds, are accounted for using the regulatory basis of accounting described below, which is on a modified cash basis of accounting. Their revenues are recognized when received or available and expenditures are recognized when paid. Modifications to the pure cash basis of accounting include recording of inter-fund receivables and payables, recording payables for retirement funding, recording payables for funds collected on behalf of other governments, recording of liabilities for payroll withholdings, recording of deferred revenues and recording of interest earned on certificates of deposit. This regulatory basis differs from accounting principles generally accepted in the United States of America.

All enterprise and fiduciary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred, regardless of the timing of the related cash flows. Unbilled water and sewer fund utility service receivables are recorded at year-end.

#### ***Reporting Entity***

The reporting entity includes all funds of the City. The criteria provided in Government Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity* have been considered.

#### ***Regulatory Accounting***

The Arkansas Legislature enacted a law in 2005 that allows municipalities to present their financial statements in a prescribed format and also restricts the basis of accounting for this format to one of three methods. The City's governing body, however, can adopt a resolution annually to adopt GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments as their reporting model in lieu of reporting on this regulatory basis established by Arkansas Code 10-4-412. The City's Council did not adopt such a resolution for 2024.

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

The regulatory presentation is on a fund basis with no distinction being made as to the type of funds (Proprietary, Governmental, etc.) being presented. The required financial statements consist of a balance sheet, statement of revenues, expenditures, and changes in fund balance, and a statement of budget versus actual for the General Fund and the Street Fund. A schedule of capital assets is also required to be presented. Columnar headings are required for the General Fund, the Street Fund and All Other Funds in the Aggregate, but additional funds (columns) may be presented separately. The basis of accounting is limited to cash basis, modified cash basis or modified accrual. The City has elected to utilize the modified cash basis of accounting. Effective January 1, 2005, the City implemented this regulatory basis of accounting for year-end financial statement reporting purposes.

### ***Fund Accounting***

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

The following funds are recognized in the accompanying financial statements:

***General Fund*** - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

***Street Fund*** - The Street Fund is a special revenue fund which accounts for resources related to street, drainage, and traffic control operations. Minor maintenance, repair and construction of streets, drainage systems as well as street lighting and landscaping are included in this fund.

***Other Funds in the Aggregate*** - Other Funds in the Aggregate consist of all governmental funds included in the financial statements except for the General Fund, Street Fund, and Rogers Water Utilities Enterprise Funds. The following types of funds are included in this column:

***Special Revenue Funds*** - Special revenue funds are used to account for the proceeds of special revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

***Debt Service Funds*** - Debt service funds are used to account for the accumulation of resources for, and the payment of general long-term debt, including capital lease obligations, principal, interest, and related costs.

***Capital Projects Funds*** - Capital projects funds are used to account for financial resources to be used for acquisition or construction of major capital facilities which are not financed by enterprise or general operating funds.

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

**Fiduciary Funds** - Fiduciary funds of the City include:

**Pension Trust Funds** - Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of pension plans.

**Agency Funds** - Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds.

### **Use of Estimates**

Management uses estimates and assumptions in preparing these financial statements. Those estimates and assumptions affect 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 expenditures during the reporting period. Actual results could differ from those estimates.

**Enterprise Funds** - Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Enterprise funds consist of the activity for Rogers Water Utilities. Rogers Water Utilities is a component unit of the City of Rogers, Arkansas and is governed by the Waterworks and Sewer Commission, which is appointed by the City Council. The Utilities operates through two separate departments - the Water Department and the Sewer Department. The Water Department provides water services to the City of Rogers and certain surrounding areas. The Sewer Department provides sewer services to the City of Rogers and certain surrounding areas. The City Council approves the rate changes of the Utilities. The debt of the Utilities is maintained in the name of the City of Rogers, Arkansas. Rogers Water Utilities is reported as an enterprise fund of the City.

The accounting policies of Rogers Water Utilities conform to accounting principles generally accepted in the United States of America as applicable to governments and are reported as of their fiscal year-end of June 30, 2024.

### **Cash Equivalents**

Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less which are readily convertible to known amounts of cash and have maturities that present insignificant risk of changes in value because of changes in interest rates. At December 31, 2024 (June 30, 2024 for Rogers Water Utilities), cash equivalents consisted of money market funds and certificates of deposit with original maturities of ninety days or less. See Notes 3 and 4.

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

### ***Investments***

Investments consist of certificates of money market funds held within an investment portfolio, certificates of deposit with original maturities greater than ninety days and governmental securities. Certificates of deposit are recorded at amortized cost-plus accrued interest, which approximates fair value. Investment portfolios of the government may also hold money market accounts providing for more liquidity. Governmental securities are recorded at fair market value based on quoted market prices. Investments in fiduciary funds also include corporate bonds, stocks and money market funds recorded at fair market value based on quoted market prices. Income related to investments is recorded when earned. See Note 4.

### ***Inventories - Enterprise Funds***

Inventories of Rogers Water Utilities consists of construction and maintenance supplies and are valued at the lower of cost or net realizable value on the first-in, first-out basis.

### ***Restricted Assets***

Restricted assets include cash, investments, and accounts receivable restricted by state acts, bond covenants and equitable sharing agreements. The state acts require funds to be used for designated purposes that are outlined in the act. The bond covenants establish the reserve funds, the manner of accumulation, and allowable expenditures. The sharing agreements require funds to be used to increase or supplement law enforcement. The City was in compliance with restricted assets requirements as of December 31, 2024. Restricted assets of Rogers Water Utilities also include funds restricted by ordinance for meter deposits and fees collected for additions of property and equipment.

### ***Long-Lived Assets***

Financial Accounting Standards Board (FASB) Codification Topic *Property, Plant and Equipment*, Section *Subsequent Measurement* requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The application of this Codification Topic has not materially affected the City's reported changes in fund balance or financial position.

### ***Fixed Assets - Enterprise Funds***

Fixed assets are recorded at cost, including interest incurred during the construction period. Contributed property is recorded at fair value at the date of contribution. Depreciation of all exhaustible fixed assets used by enterprise funds are charged as an expense against their operations and computed using the straight-line basis. Accumulated depreciation is reported in enterprise fund accounts. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method.

The Rogers Water Utilities' capitalization policy states that capital assets are defined as assets with an estimated useful life greater than one year. Complete financial statements for Rogers Water Utilities may be obtained at its administrative office located at 601 South 2nd Street, Rogers, Arkansas.

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

The estimated useful lives are as follows:

Structures	5 - 40 years
Mains and hydrants	50 years
Control facility	2 - 50 years
Water towers	10 - 50 years
Sewer and water service lines	33 - 50 years
Meters	20 - 25 years
Shop equipment and machinery	2 - 10 years
Transportation equipment	3 - 10 years
Two-way radio system	5 - 15 years
Field equipment	1 - 20 years
Office equipment	3 - 20 years

### ***Compensated Absences***

Rogers Water Utilities' policies permit employees to earn time off benefits. The expense and related liability are recognized and accrued regardless of whether the employee is expected to realize the benefit. Compensated absences are computed using the regular pay rate in effect at year-end.

### ***Fund Balance***

Fund balance is classified and could be displayed in the following components:

#### General Fund, Street Fund, and Other Funds in Aggregate

Restricted – represents amounts that are restricted to specific purposes when constraints placed on the use of resources are either externally imposed by creditors (such as through bond covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed – represents amounts that are to be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit the amounts. For the City, the highest level of decision-making authority would be the City Council.

Assigned – represents amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed.

Unassigned – represents amounts that have not been assigned to other funds and have not been restricted, committed, or assigned to specific purposes within the general fund. This classification can also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

### Rogers Water Utilities

Invested in fixed assets, net of related debt – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments. Net assets have been restricted by bond covenants in the amount of restricted assets less the amount payable from restricted assets.

Unrestricted – all other net assets that do not meet the definition of "invested in fixed assets, net of related debt" or "restricted."

Fund balance components of the General Fund, Street Fund, and Other Funds in Aggregate are as follows:

	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Funds In Aggregate</u>	<u>Total</u>
<b>Restricted</b>				
General Government	\$ 2,071	\$ -	\$ 18,923,845	\$ 18,925,916
Law Enforcement	3,303,397	-	24,038,549	27,341,946
Airport	-	-	2,110,488	2,110,488
Parks and Recreation	52,494	-	697,521	750,015
Public Safety	-	-	9,342,349	9,342,349
Street Maintenance	-	23,115,842	-	23,115,842
Capital Projects	-	-	25,752,351	25,752,351
Debt Service	-	-	16,440,734	16,440,734
<b>Committed</b>				
General Government	-	-	9,461,999	9,461,999
<b>Assigned</b>				
General Government	4,145,538	-	-	4,145,538
Parks and Recreation	1,727,677	-	-	1,727,677
Law Enforcement	3,694,261	-	-	3,694,261
<b>Unassigned</b>				
General Government	56,837,318	-	-	56,837,318
Parks and Recreation	1,100	-	-	1,100
Law Enforcement	75	-	-	75
<b>Total Fund Balance</b>	<u>\$ 69,763,931</u>	<u>\$ 23,115,842</u>	<u>\$ 106,767,836</u>	<u>\$ 199,647,609</u>

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

### ***Advertising***

The City follows the policy of charging advertising to expense as paid.

### ***Deferred Inflows and Outflows of Resources***

In addition to assets, the Balance Sheet – Regulatory Basis, will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources until then. The City only has two items that qualify for reporting in this category. A deferred outflow of resources on the bond refunding costs results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. See Note 9. The City also has a deferred outflow of resources related to pension liabilities as the result of implementing GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. See Note 13.

In addition to liabilities, the Balance Sheet – Regulatory Basis will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City has one item that qualifies for reporting in this category. The City has a deferred inflow of resources related to pension liabilities as the result of implementing GASB 68. See Note 13.

### ***Budgets and Budgetary Accounting***

The City follows Arkansas Act 28 of 1959 in establishing the budgetary data reflected in the financial statements:

1. Prior to December 1 of each year, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council is authorized to transfer budgeted amounts between departments within any fund. Any revision that alters the total expenditures of any fund may be approved by the City Council, except (1) that tax levies for specific purposes may not be diverted to another purpose, and (2) appropriated funds may not be diverted where any creditor would be prejudiced thereby.
3. Formal budgetary integration is employed as a management control device for the General Fund, Street Fund and Special Revenue Funds.
4. Budgets for General, Street, and Special Revenue Funds are adopted on the modified cash basis of accounting.

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

### **NOTE 3: CASH DEPOSITS IN FINANCIAL INSTITUTIONS**

Deposits in financial institutions are financial instruments that could potentially subject the City to a risk of accounting loss to the extent of the uninsured/uncollateralized portion of those deposits. The City maintains deposit balances in various financial institutions, and all deposit balances are carried at cost.

#### **Legal or Contractual Provisions for Deposits and Investments**

(a) Governmental Fund Types

State law generally requires that municipal funds be deposited in federally insured banks located in the State of Arkansas. The municipal deposits may be in the form of checking accounts, savings accounts, and/or time deposits. Public funds may also be invested in direct obligations of the United States of America and obligations, the principal and interest on which are fully guaranteed by the United States of America.

(b) Pension Trust Funds

State law provides certain restrictions for pension trust funds. If the total assets of the fund are less than one hundred thousand dollars (\$100,000), the funds may be deposited or invested as noted in the preceding paragraph and may also include the following: deposits in federally insured saving and loans located in the State of Arkansas and notes secured by mortgages on real estate guaranteed either by the United States government or by a corporation approved by the State Commissioner of Insurance. Investments of other types are allowed by State law, but it has not been a common practice to utilize them. If the total assets of the fund exceed one hundred thousand dollars (\$100,000), the fund may employ a professional investment counselor to invest the assets subject to the prudent investor rule and/or in no-load mutual funds.

Cash deposits are carried at cost (carrying value). A comparison of the bank balance and carrying value is as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 1,469,770	\$ 1,469,770
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	20,837,143	23,213,469
U.S. government guaranteed accounts	81,385,429	85,551,954
Total Deposits	<u>\$ 103,692,342</u>	<u>\$ 110,235,193</u>

The above total deposits do not include cash on hand of \$4,450.

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

### **NOTE 4: INVESTMENTS**

Arkansas statutes authorize the City to invest in U.S. Government and its collateralized agency securities, bank certificates of deposit, and repurchase agreements. The pension trust funds are authorized to also invest in common stocks, investment grade corporate bonds, and other appropriate securities.

A summary of investments at December 31, 2024 (June 30, 2024 for Rogers Water Utilities) is as follows:

	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Funds in the Aggregate</u>	<u>Enterprise Funds</u>	<u>Total</u>
Certificates of Deposit	\$ 26,177,896	\$ -	\$ -	\$ 33,030,457	\$ 59,208,353
U.S government obligations	13,074,563	16,555,791	16,794,329	7,879,194	54,303,877
Municipal Bonds	1,574,176	-	539,266	-	2,113,442
Collateralized mortgage obligations	9,797,003	-	-	-	9,797,003
Corporate Bonds	-	-	8,321,388	-	8,321,388
Equities/REITs	-	-	12,242,786	-	12,242,786
Mutual Funds	-	-	986,642	-	986,642
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Investments	<u>\$ 50,623,638</u>	<u>\$ 16,555,791</u>	<u>\$ 38,884,411</u>	<u>\$ 40,909,651</u>	<u>\$ 146,973,491</u>

### **NOTE 5: FIXED ASSETS - ENTERPRISE FUNDS**

Rogers Water Utilities records all contributed fixed assets at their estimated fair market value at date of contribution as capital contributions in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Regulatory Basis, and depreciates these assets over their estimated useful lives. These donated assets, which are received from construction contractors, consist of water lines, sewer lines and related infrastructure.

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

At June 30, 2024, changes in Rogers Water Utilities' fixed assets were as follows:

	<u>Balance June 30, 2023</u>	<u>Transfers/ Additions</u>	<u>Transfers/ Disposals</u>	<u>Balance June 30, 2024</u>
Land	\$ 2,540,784	\$ 35	\$ -	\$ 2,540,819
Buildings	75,059,586	345,588	-	75,405,174
Equipment	140,223,446	9,649,223	(66,479)	149,806,190
Vehicles	2,314,747	152,330	(33,183)	2,433,894
Right to use subscription asset	2,269,864	-	-	2,269,864
Contributed property	112,111,388	8,858,970	-	120,970,358
Construction in progress	11,190,372	15,673,346	(4,731,584)	22,132,134
	<u>345,710,187</u>	<u>34,679,492</u>	<u>(4,831,246)</u>	<u>375,558,433</u>
Accumulated depreciation	<u>(116,330,652)</u>	<u>(9,083,251)</u>	<u>99,318</u>	<u>(125,314,585)</u>
Property and equipment, net	<u>\$ 229,379,535</u>	<u>\$ 25,596,241</u>	<u>\$ (4,731,928)</u>	<u>\$ 250,243,848</u>

Depreciation expense for the year ended June 30, 2024 was \$9,083,251.

**NOTE 6: PROPERTY TAX**

The City levies its property tax during the month of October, prior to the current fiscal year. The County is the collecting agent for the levy and remits the collections to the City, net of a collection fee. Taxes are delinquent after October 10<sup>th</sup>. The amount of property taxes the City may levy is subject to a statutory limitation set by the State of Arkansas. The tax levy may not be increased except by amendment to the State Constitution. The assessed value of taxable property upon which the property tax is levied is determined by the County Assessor. The Assessor estimates full market value of the property and applies the statutory rate of 20% to arrive at assessed value.

**NOTE 7: FEDERAL AND STATE AWARDS**

The City receives federal and state awards. These grant programs are subject to audit by the federal and state governments or their representatives. Accordingly, the amount of expenditures which may be disallowed by the program representatives cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

**NOTE 8: TRANSFERS IN AND OUT**

Transfers between funds during the year ended December 31, 2024 were as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 314,031	\$ 25,553,534
Street Fund	-	599,068
Other Funds in the Aggregate		
Airport	-	47,100
Fire pension	42,094	3,689
Health insurance	5,350,560	-
Police pension	-	3,294
Grant Fund	20,500,000	-
	\$ 26,206,685	\$ 26,206,685

**NOTE 9: BONDS PAYABLE - ENTERPRISE FUNDS**

The bonds payable of the Rogers Water Utilities are not general obligations of the City of Rogers, Arkansas. The Sewer Department had \$6,888,582 in revenue bonds outstanding at June 30, 2024, which is a decrease of \$66,418 from 2023 resulting from the difference of scheduled principal payments and the issuance of new series 2024 sewer revenue bonds outstanding in the amount of \$1,153,582. The Water Department had \$16,425,000 in revenue bonds outstanding as of June 30, 2024, which is a decrease of \$875,000 from 2023 resulting from scheduled principal payments. Rogers Water Utilities’ capital improvement bonds payable consisted of the following:

**Series 2016 Sewer Revenue Refunding Bonds**

On December 13, 2016, the Sewer Department issued \$12,850,000 in Sewer Revenue (Series 2016) with an average interest rate of 3.89% and used unrestricted reserves of \$5,380,000 and debt service reserves of \$661,154 to refund \$19,600,000 of outstanding Sewer Revenue Improvement Bonds, Series 2007 with an average interest rate of 4.91%. The net proceeds of \$14,030,940 from the Series 2016 bond issues (after premiums, payment of bond issuance costs, and other costs) and additional sewer department reserves totaling \$6,041,154 were put in a trust and used to pay the outstanding principal and the accrued interest on the Series 2007 Sewer Bonds in entirety on February 1, 2017 when they first became callable. The bond matures in fiscal year 2029 with principal payments due in November and interest payments due in November and May of each year.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$477,851. This difference, reported in the accompanying financial statements as a deferred inflow of resources, is being charged to interest expense over the life of the bonds using the straight-line method. The Sewer Department completed the refunding to reduce its total debt service payments over the next 21 years by \$14,530,274 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$5,599,564. The Series 2016 bond also included prepaid bond insurance costs of \$19,530 which are amortized against interest expense over the life of the Series 2016 bonds.

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

### ***Series 2024 Sewer Revenue Bonds***

On April 10, 2024, the Sewer Department issued \$31,246,250 in Sewer Revenue Bonds (Series 2024) with interest and servicing fee rates of 0.50% and 1.00%, respectively. The bond matures in fiscal year 2047 with principal, interest and servicing fee payments due the first of each month commencing on December 1, 2026. The Series 2024 bonds had issuance costs of \$43,000 which were expensed in the period incurred. These costs are being advanced as construction expenses are incurred.

System revenues and all assets are pledges to the bonds outstanding. The debt service coverage ratio, calculated as described in the bond documents, as of June 30, 2024 is 7.10. Total interest paid during the year ended June 30, 2024 totaled \$245,667. No interest was capitalized during the year ended June 30, 2024. The Sewer Department is in compliance with all debt covenants for the year ended June 30, 2024.

### ***Series 2012 Water Revenue Refunding Bonds***

On April 18, 2012, the Water Department issued \$8,505,000 in Water Revenue Refunding Bonds (Series 2012) with an average interest rate of 3.13% to advance refund \$7,645,000 of outstanding Water Revenue Improvement Bonds, Series 2004 with an average interest rate of 4.75%. The net proceeds of \$8,456,998 (after payment of bond issuance costs and other costs) were deposited in an irrevocable trust with an escrow agent and were used to purchase U.S. government securities. All debt service payments were paid by the trust and all outstanding Water Revenue Improvement Bonds, Series 2004 Bonds were redeemed in full on November 1, 2014.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$847,499. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to interest expense over the life of the bonds using the straight-line method. The Water Department completed the advance refunding to reduce its total debt service payments over the next 18 years by \$610,822 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$480,287.

### ***Series 2016 Water Revenue Refunding Bonds***

On December 13, 2016, the Water Department issued \$13,725,000 in Water Revenue Refunding Bonds (Series 2016) with an average interest rate of 3.37% to refund \$13,995,000 of outstanding Water Revenue Improvement Bonds, Series 2006 with an average interest rate of 4.33%. The net proceeds of \$14,065,289 (after premiums, payment of bond issuance costs, and other costs) were used to pay the outstanding principal and the accrued interest on the Series 2006 Water Bonds on December 13, 2016.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$140,722. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to interest expense over the life of the bonds using the straight-line method. The Water Department completed the advance refunding to reduce its total debt service payments over the next 19 years by \$3,470,757 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,006,537. The Series 2016 bonds also included prepaid bond insurance costs of \$16,134 which are amortized against interest expense over the life of the Series 2016 bonds.

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

System revenues and all assets are pledges to the bonds outstanding. The debt service coverage ratio, calculated as described in the bond documents, as of June 30, 2024 is 4.78. Total interest paid during the year ended June 30, 2024 totaled \$569,709. No interest was capitalized during the year ended June 30, 2024. The Water Department is in compliance with all debt covenants for the year ended June 30, 2024.

Principal and interest maturities of Rogers Water Utilities' capital improvement bonds payable are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,480,000	\$ 741,744	\$ 3,221,744
2026	2,570,000	648,919	3,218,919
2027	3,444,975	821,072	4,266,047
2028	3,133,607	894,038	4,027,645
2029	1,770,000	360,272	2,130,272
2030-2034	7,940,000	871,439	8,811,439
2035-2036	1,975,000	126,011	2,101,011
	<u>\$ 23,313,582</u>	<u>\$ 4,463,495</u>	<u>\$ 27,777,077</u>

For the year ended June 30, 2024, changes in Rogers Water Utilities' capital improvement bonds payable are as follows:

	<u>June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2024</u>
Bonds Payable	\$ 24,255,000	\$ 1,153,582	\$ 2,095,000	\$ 23,313,582

The following is a summary of Rogers Water Utilities' bonds payable:

<u>Type</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Payment Dates</u>	<u>Range of Annual Maturities</u>	<u>Balance June 30, 2024</u>
Rev. Bonds	12/13/2016	\$ 12,850,000	4.00%	11/1,5/1	\$ 377,400-1,469,100	\$ 5,735,000
Rev. Bonds	4/10/2024	31,246,250	0.50%	Monthly starting 12/1/2026	816,189-1,055,441	1,153,582
Rev. Bonds	4/18/2012	8,505,000	3.13%	11/1,5/1	480,000-955,000	5,250,000
Rev. Bonds	12/13/2016	13,725,000	4.33%	11/1,5/1	220,000-1,755,000	11,175,000
						<u>23,313,582</u>
					Premiums/Discounts	875,293
					Total Bonds Payable	<u>24,188,875</u>
					Subscription Liability	585,922
					Software Hosting Payable	129,581
						<u>\$ 24,904,378</u>

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

### **NOTE 10: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties and participation in public entity risk pools. The amount of settlements has not exceeded the insurance coverage for the past three years. There were no significant reductions in insurance coverage in the major categories of risk from coverage in the prior year. The City participates in the Arkansas Municipal League Program (public entity risk pools) for coverage in the following areas:

#### *Municipal Vehicle Program*

*Liability* - This program may pay all sums the municipality legal must pay as damages because of bodily injury, death or property damage to which this agreement applies involving a covered municipal vehicle and for which the municipality is liable. The limit of payment by the program is \$25,000 for bodily injury per person, \$50,000 for bodily injury per accident, and \$25,000 for property damage per accident. The City shall pay into the program each year and charge established annually by the program administrator for covered municipal vehicles and mobile equipment owned or leased by the City.

*Physical Damage* – This program covers vehicles and permanently attached equipment which are the property of the participating municipality. Property is valued at the full cost to repair or replace the property after deduction for depreciation. Loss amounts payable will be reduced by the deductible amount of \$5,000 per occurrence. The City agrees to pay a service charge established annually by the program administrator for the covered property.

*Municipal Legal Defense Program* – The program shall, at the sole discretion of the program administrators, provide extraordinary legal defense and extraordinary expenses in suits against municipal officials and employees and civil rights suits against the municipal government of a participating municipality and pay extraordinary judgments (for actual damages – no punitive damages) imposed on municipal offices and employees and the municipal government. The program shall never be liable to reimburse the municipal government, municipal officials and employees because of judgment in any one lawsuit for more than 25 percent of the program's available funds at the time the lawsuit was filed or the judgment becomes final, or \$1 million, whichever is less. The City agrees to pay into the program each year a charge established by the steering committee. Each City also agrees to pay the first \$3,000 of the aggregated cost for all expenses on each lawsuit. The cost deposit is not refundable.

The City also participates in the Self-Insured Fidelity Bond Program administered by the Governmental Bonding Board. This program covers actual losses sustained by the participating entity through any fraudulent or dishonest act or acts committed by any of the officials or employees, acting alone or in collusion with others, during the bond period to an amount not exceeding the lesser of \$300,000 or the amount of the bond. Premiums for coverage are determined by the State Risk Manager and approved by the Board. These premiums are paid by the State Treasurer from funds withheld from the Municipal Aid Fund. There is a \$2,500 deductible per occurrence.

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

*Municipal Property Program* – This program covers insurable property and equipment, exclusive of motor vehicles and water vessels, which belong to or are in the care, custody or control of a participating municipality. Property is valued at the full cost to repair or replace the property after deduction of the depreciation or as agreed to by the participating municipality and program. Loss amounts payable will be reduced by the deductible amount of \$5,000. The municipality agrees to pay into the program each year a service charge established annually by the program administrator for property for which the municipality desires coverage.

*Workers' Compensation* – This program provides statutory benefits for losses incurred by municipal officials, employees and volunteer fire fighters while performing work for the municipality. Rates for the municipalities participating in this program are revised annually based on the cost experience of the particular municipality or group as determined by the Workers' Compensation Commission.

### **NOTE 11: CONCENTRATIONS AND RISK OF ACCOUNTING LOSS**

*Interest Rate Risk* – As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy is to attempt to match investment maturities with cash flow requirements. The City's investments are certificates of deposit with maturities primarily one year or less.

*Credit Risk* – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the City's policy to minimize credit risk losses due to default of security issuers or backers by limiting investments to the safest types of securities.

*Custodial Credit Risk* – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. See Note 3.

Financial instruments that potentially subject the City to credit risk consist primarily of accounts receivable. Accounts receivable are presented for the Enterprise Funds only due to the use of the modified cash basis of accounting on other City funds.

### **NOTE 12: LITIGATION**

The City is subject to claims and lawsuits that arise primarily in the ordinary course of business including, but not limited to, cases of eminent domain arising from development projects. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the assets, liabilities, fund balances, revenues, expenditures and changes in fund balances and cash flows, where applicable, of the City.

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

### **NOTE 13: RETIREMENT PLANS**

GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, as amended, was effective for the City on January 1, 2015, and established accounting and financial reporting requirements and related to pensions for governmental entities whose employees are provided with pensions through pension plans that are covered by the scope set forth in the statement.

Although the pension plans in which City employees participate meet the criteria for implementation of GASB Statement No. 68, reporting the liability and certain disclosures related to actuarial calculations for determining the total and net pension liability are not relevant to modified accrual basis financial statements. However, required disclosures related to the description of the plans, types of benefits provided, funding policy, contribution requirements and rates, and actual cash contributions are applicable to the modified accrual basis of accounting and are provided in the paragraphs that follow.

#### ***Arkansas Public Employees Retirement System***

##### **Plan Description**

The City contributes to the Arkansas Public Employees Retirement System (“APERS”), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Arkansas. APERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The APERS Board of Trustees has no authority to establish and amend benefit provisions to the APERS. The State of Arkansas issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 West Capitol Avenue, Suite 400, Little Rock, Arkansas 72201, or by calling 800-682-7377, or online at [www.apers.org/annualreports](http://www.apers.org/annualreports).

##### **Funding Policy**

APERS has contributory and non-contributory plans. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. For the first six months of the year, contributory members were required by State law to contribute 5.50% of their salary. Effective July 01, 2022, contributory members are required to contribute 5.75% of their salary. The City's contribution to the plan was \$2,400,296 for the year ended December 31, 2024.

##### **Net Pension Liability**

The City's proportionate share of the total collective net pension liability attributable to employees of the City and Rogers Water Utilities – Enterprise Fund was \$16,747,094 and \$5,915,645, respectively, at June 30, 2024 (the actuarial date and measurement date).

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

### ***Local Police and Fire Retirement System***

#### **Plan Description**

The City contributes to the Arkansas Local Police and Fire Retirement System (“LOPFI”), an agent multiple-employer defined benefit pension plan administered by the State of Arkansas. LOPFI provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The LOPFI Board of Trustees has no authority to establish and amend benefit provisions to LOPFI.

LOPFI issues a publicly available financial report that includes financial statements and required supplementary information for LOPFI. That report may be obtained by writing to Arkansas Local Police and Fire Retirement System, 620 West Third Street, Suite 200, Little Rock, Arkansas 72201, by calling 1-501-682-1745, or online at [www.lopfi-prb.com](http://www.lopfi-prb.com).

#### **Funding Policy**

The employee contribution rate depends on the type of service being rendered and whether or not the service is also covered by Social Security. The different employee contributions rates, as required by state law, are as follows:

1. Paid service not covered by Social Security – 9.5% of all gross pay
2. Paid service also covered by Social Security 3.5% of gross pay
3. Paid service-benefit program 2 – 9.5% of gross pay
4. Volunteer service – no employee contribution

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. For 2024, the City’s annual pension cost of \$2,977,163 for LOPFI was equal to the City’s actual contributions

#### **Net Pension Liability**

The City’s proportionate share of the total collective net pension liability attributable to police and firemen was \$17,267,949 and \$16,222,615, respectively, at December 31, 2024 (the actuarial valuation date and measurement date).

### ***Firemen's and Policemen's Pension and Relief Funds***

#### **Plans Description**

All firemen hired by the City prior to January 1, 1983 participate in the Firemen's Pension and Relief Fund (“the Firemen’s Plan”), a single-employer defined benefit pension plan. Furthermore, all policemen hired by the City prior to January 1, 1983 participate in the Policemen's Pension and Relief Fund (“the Policemen’s Plan”), a single-employer defined benefit pension plan. The Firemen’s Plan and the Policemen’s Plan (“the Plans”), are administered by the City and provide retirement, disability and survivor benefits. Benefit and contribution provisions are established by state law and can be amended only by the Arkansas General Assembly. State law does provide that upon actuarial soundness of the Plans, the Board may increase retirement benefits. The Plans were closed to new entrants on January 1, 1983. The Plans do not issue a stand-alone financial reports but are included in the City’s financial report.

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

### **Funding Policy**

Each of the active members are required by Arkansas Code Annotated 24-11-816 to contribute to the Plans. Level cost funding is used as the determination of contribution requirements. Salaried firemen are required to contribute 6% of base salary and volunteer firemen are required to contribute \$12 per year. All policemen are required to contribute 4% of their base salary and the City is required to match contributions equal to employee contributions. The City is required to match the Plans contributions made by the volunteer firemen and paid employees. The annual required contribution for the Plans was determined as part of an actuarial study as of December 31, 2024, using the entry age normal actuarial cost method. The actuarial assumptions included (a) a 5.0% investment rate of return and (b) projected salary increase ranges from 3.5% to 18.0% per year. For the year ended December 31, 2024, the City's annual pension cost of \$98,450 for the Firemen's Plan was equal to the City's required and actual contributions. For the year ended December 31, 2024, the City's annual pension cost of \$95,396 for the Policeman's Plan was equal to the City's required and actual contributions. Other revenues include turnback received from state insurance taxes and local millage contributed by the City. In 2024, the City no longer funded the plan with local millage. Plan member contributions are recognized in the period in which the contributions are received. Employer contributions are recognized when received. Benefits and refunds are recognized when paid in accordance with the Plans.

In order to be eligible for distribution and considered fully vested, each participant must meet the required 20 years of service. There are no post-retirement benefit increases provided in the Plans. The Plans include provisions for disability benefits, death benefits, and Deferred Retirement Option Program (DROP). The actuarial value of assets was determined using the asset valuation method prescribed in Arkansas Code Annotated 24-11-207.

The Plans are a component unit of the City of Rogers and is included in the fiduciary fund financial statements. As of December 31, 2024, the Firemen's Plan was 65.3% funded and the Policeman's Plan was 186.2% funded.

### **Net Pension Liability**

The City's proportionate share of the total collective net pension liabilities attributable to plan participants was \$3,878,359 for the Fireman's Plan and \$10,723,273 for the Policeman's Plan at December 31, 2024 (the actuarial valuation date and measurement date).

## **NOTE 14: EMPLOYEE BENEFIT PLANS**

### ***Flexible Benefit Plan***

The City offers all active full-time employees and elected City officials who receive a W-2 form the option to participate in a flexible benefit plan administered by Medcom Benefit Solutions. The flexible benefit plan has been established as a cafeteria plan as permitted under Section 125 of the Internal Revenue Code of 1954, as amended, to provide for group medical/dental assistance for its eligible employees and dependents. The plan is funded solely by salary redirections as elected on a voluntary basis by participants.

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

### ***Deferred Compensation Plan***

The City offers as a benefit to its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The assets of the plan remain the property of the City until paid and are subject only to claims of the City's general creditors. Participants' rights under the plan are equal to the claims of general creditors of the City in an amount equal to their fair market value of the deferred amounts each pay period to an outside service for investment in a diversified portfolio of mutual funds. As such, the assets and offsetting liabilities of the plan are not reported in the financial statements of the City. Deferred compensation remitted for investment during the year ended December 31, 2024, was \$720,449. At December 31, 2024, there were 207 active participants in the plan. There is no cost to the City of funding this plan.

### **NOTE 15: EMPLOYEES SELF-INSURED BENEFITS**

The City participates in an employee self-insured benefit plan. The City is required to maintain a benefit plan account which will be sufficient at all times to fund plan benefits and plan-related expenses. Insurance premiums collected through Rogers Water Utilities, payroll deduction for employee, spouse, and dependent coverage, and COBRA, and retiree received totaled \$2,354,963. Health insurance claims, administered by Blue Advantage Administrators of Arkansas in the amount of \$5,532,816 were paid from the account and the City contributed \$5,350,560 to this account. As of December 31, 2024, this account had a balance of \$7,799,064.

To safeguard against catastrophic claims loss, the city maintains an excess loss insurance policy (non-participating), with Blue Advantage insurance company that has the following features:

1. Aggregating specific deductible of \$112,500.
2. Specific deductible amount of \$125,000 per covered person.

During the year ended December 31, 2024, there were claims reimbursed through this excess loss insurance in the amount of \$10,004.

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

**NOTE 16: COMMITMENTS**

The City's commitments, excluding the enterprise funds, consist of the following:

***Series 2018A Sales and Use Tax Bonds, Refunding***

In December 2018, the City issued \$41,860,000 in Sales and Use Tax Bonds (Series 2018) at an average interest rate of 3.00% for the purpose of refunding the City's outstanding Sales and Use Refunding and Improvement Bonds, Series 2011 and Sales and Use Tax Bonds, series 2015, financing a portion of the costs of street improvements, funding a portion of a debt service reserve and paying expenses of issuing the Series 2018A Bonds.

***Series 2018B Sales and Use Tax Bonds, Improvement***

In December 2018, the City issued \$144,135,000 in Sales and Use Tax Bonds (Series 2018) at an average interest rate of 5.00% for the purpose of financing all or a portion of the costs of various capital improvements of the City, funding a portion of the debt service reserve, and paying expenses of issuing the Series 2018B Bonds.

***Series 2022 Sales and Use Tax Bonds, Improvement***

In August 2022, the City issued \$83,540,000 in Sales and Use Tax Bonds (Series 2018) at an average interest rate of 5.00% for the purpose of financing all or a portion of the costs of various capital improvements of the City, funding a portion of the debt service reserve, and paying expenses of issuing the Series 2022 Bonds.

Changes in general long-term debt for the year ended December 31, 2024 were as follows:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024
General Long- Term Debt	\$ 189,080,000	\$ -	\$ 23,625,000	\$ 165,455,000

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

**General Long-Term Debt:**

The following is a summary of the City's general long-term debt:

<u>Type</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Payment Dates</u>	<u>Range of Annual Maturities</u>	<u>Balance December 31, 2024</u>
Refunding	12/4/2018	\$ 41,860,000	3.00%	5/1, 11/1	\$ 1,565,000 7,360,000	\$ 6,670,000
Improvement	12/4/2018	144,135,000	5.00%	5/1, 11/1	3,735,000 10,780,000	86,025,000
Improvement	9/29/2022	83,540,000	5.00%	5/1, 11/1	5,105,000 8,650,000	<u>72,760,000</u>
Total General Long-Term Debt						<u><u>\$ 165,455,000</u></u>

Principal and interest maturities of the City's general long-term debt are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 15,775,000	\$ 8,012,412	\$ 23,787,412
2026	16,500,000	7,281,492	23,781,492
2027	17,190,000	6,475,050	23,665,050
2028	17,900,000	5,681,250	23,581,250
2029	18,670,000	4,854,600	23,524,600
2030-2034	<u>79,420,000</u>	<u>10,761,400</u>	<u>90,181,400</u>
	<u><u>\$ 165,455,000</u></u>	<u><u>\$ 43,066,204</u></u>	<u><u>\$ 208,521,204</u></u>

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

**Construction Contracts:**

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

<u>Project Name</u>	<u>Contract Balance December 31, 2024</u>
<b>Street Projects</b>	
Pinnacle Hills Parkway Roundabout	\$ 2,020,199
28th Place Pleasant Grove to Bellview	1,941,770
28th Place and Pleasant Grove Roundabout	1,515,441
Poplar St/ 13th Street Improvements	3,503,820
Poplar St/ 13th Street Improvements	159,234
Poplar St/ 13th Street Improvements	15,026,940
Bridges -Oak Street and Uptown overpass	1,343,888
8th and Easy St. Tunnel	2,301,980
Oak Street Imp. (Dodson to 52nd)	5,693,377
Hudson Road Sidewalk	928,630
New Hope Road overlay	449,069
<b>Park and Street Projects</b>	
Northwest Park (post tornado)	6,526,800
Northwest Park (post tornado)	4,753,676
<b>Other Projects and Contracts</b>	
Convention Center naming rights contract	500,000
Energy Savings Solar Project	1,828,297
Upskill NWA	193,835
Geo Redundant Prime Site Tower	128,663
<b>Airport Projects</b>	
Reconstruct Taxiway Lighting & Airfield Electrical Vault	1,091,269
Replace ATC Equipment	245,871
	\$ 50,152,759

# City of Rogers, Arkansas

## Notes to Financial Statements

December 31, 2024

Subsequent to year end, the City has signed several large construction contracts for various projects going on throughout the City. These construction projects and the related contract amounts are as follows:

Construction Fire Station #4	\$	13,095,102
Library Tornado Repairs		3,481,283
Adult Wellness Tornado Repairs		307,469
City Wide HVAC Tornado Repairs		194,585
City Wide Tornado Repairs on Trails, Retaining Walls, and Fences		228,066
Victory Theater Tornado Roof repair		484,490
Victory Theater Tornado Interior repairs		1,841,329
City Wide Architect for Tornado repairs		290,000
Police Body Camera Project and Equipment		12,259,131
Thermal Sludge Drying System Belt Dryer (partnering with RWU on project)		1,155,821
Purchase Ladder Truck for Fire		2,299,576
		<hr/>
	\$	35,636,852
		<hr/> <hr/>

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

**NOTE 17: SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The City maintains a combined enterprise fund that provides water and sewer services.

Segment information is as follows:

	Water Fund	Sewer Fund	Total
Service fees	\$ 19,090,515	\$ 19,483,870	\$ 38,574,385
Operating expenditures	10,703,623	9,048,533	19,752,156
Depreciation	3,378,999	5,704,252	9,083,251
Operating income	5,007,893	4,731,085	9,738,978
Less interest, trustee fees, and bond issuance costs	616,187	166,180	782,367
Interest and other income	1,038,223	4,071,534	5,109,757
Income before capital contributions	5,429,929	8,636,439	14,066,368
Capital contributions	5,237,542	3,621,428	8,858,970
Change in fund balances	10,667,471	12,257,867	22,925,338
Fund balances, beginning of year	107,317,550	141,976,927	249,294,477
Fund balances, end of year	\$ 117,985,021	\$ 154,234,794	\$ 272,219,815

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

	Water Fund	Sewer Fund	Total
Assets			
Current assets	\$ 31,259,655	\$ 26,342,297	\$ 57,601,952
Non-current assets	109,134,595	141,109,253	250,243,848
	140,394,250	167,451,550	307,845,800
Deferred outflows of resources	1,370,625	1,565,815	2,936,440
Total assets and deferred outflows of resources	141,764,875	169,017,365	310,782,240
Liabilities			
Current liabilities	5,633,170	4,478,987	10,112,157
Non-current liabilities	18,133,694	10,096,513	28,230,207
Total liabilities	23,766,864	14,575,500	38,342,364
Deferred inflows of resources	12,990	207,071	220,061
Fund balances			
Invested in fixed assets, net of related debt	92,368,844	133,686,129	226,054,973
Restricted for maintenance of system	4,849,712	2,450,799	7,300,511
Unrestricted	20,766,465	18,097,866	38,864,331
Total fund balances	\$ 117,985,021	\$ 154,234,794	\$ 272,219,815

**NOTE 18: INDUSTRIAL REVENUE BONDS**

Industrial revenue bonds were issued for securing and developing industry within the City of Rogers on December 21, 2021, in a principal amount not to exceed \$55,000,000. The project financed by the bonds was an approximately 150,000 square foot facility (including land) located at 4909 West Magnolia Street. No personal property was financed by the bonds. The bonds are being retired by a lease-rental plan with Transplace, a third-party transportation management and logistics technology firm based in Frisco, Texas. The bonds are special obligations of the City and do not constitute an indebtedness of the City within any Constitutional or statutory limitation but are payable solely from lease-rentals of the developed property, and are secured by a statutory mortgage lien on the same. Accordingly, these bonds are not reflected on the accompanying regulatory basis financial statements.

# City of Rogers, Arkansas

## Notes to Financial Statements December 31, 2024

### **NOTE 19: RECEIVABLE FROM ROGERS WATER UTILITIES**

During the year ended December 31, 2024, the City incurred costs on behalf of Rogers Water Utilities for a construction project. As a result of the project, Rogers Water Utilities owes the City \$328,789 as of December 31, 2024. The receivable is included in the Balance Sheet – Regulatory Basis as Accounts receivable, net within Other Funds in the Aggregate.

### **NOTE 20: 2024 STORM DAMAGE**

The City of Rogers suffered significant damage from a tornado that impacted the area on May 27, 2024. Through the date that the financial statements were available to be issued (see Note 21), the City has spent \$28,365,238 on tornado related damage to include debris cleanup and removal, reconstruction and rebuilding of damaged facilities, and repairs to street infrastructure. The City anticipates spending an additional \$12,444,819 on rebuilding of damaged facilities, for a total cost to the City of \$40,810,057. The City has received \$16,077,400 from insurance and \$1,535,538 from FEMA for a total of \$17,612,938. The City anticipates an additional reimbursement from FEMA in the amount of \$12,000,000, which is 75% of the cost of the debris cleanup cost. Overall, the anticipated net total cost to the City is estimated at \$11,197,119.

### **NOTE 21: SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 26, 2025 the date that the financial statements were available to be issued.

The City appropriated \$16 million from General Fund reserves to fund the re-build of Fire Station No. 4 and the re-development of Olive Street Park. The City received a grant from the Walmart Family Foundation to assist with the construction of Olive Street Park in the amount of \$1.8 million.

The City created a Restricted Reserves Fund for City Council declared disaster situations for the purpose of having cash funds available in the event of a disaster.

See Note 16 for additional details on subsequent construction contracts signed.

**Required  
Supplementary Information**

# City of Rogers, Arkansas

## Required Supplementary Information Schedule of Capital Assets – Unaudited December 31, 2024

	<b>Balance December 31, 2024</b>
<b><u>City</u></b>	
Land and improvements	\$ 8,729,116
Buildings	119,520,483
Equipment	52,058,616
	<hr/>
	\$ 180,308,215
	<hr/>
	<b>Balance June 30, 2024</b>
<hr/>	
<b><u>Rogers Water Utilities</u></b>	
Land	\$ 2,540,819
Buildings	75,405,174
Equipment	149,806,190
Vehicles	2,433,894
Software hosting	2,269,864
Contributed property	120,970,358
Construction in progress	22,132,134
	<hr/>
	375,558,433
Accumulated depreciation	<hr/> (125,314,585)
	\$ 250,243,848
	<hr/>

See Independent Auditor's Report.



**INDEPENDENT AUDITOR'S OPINION ON  
CITY'S COMPLIANCE WITH STATE LAWS**

Honorable Mayor and City Council  
**City of Rogers, Arkansas**

We have examined management's assertions that the **City of Rogers, Arkansas** (the City) complied with the requirements of Arkansas Act 15 of 1985 and the following Arkansas statutes during the year ended December 31, 2024.

- Municipal Accounting Law, §14-59-101 et seq.
- District Courts and City Courts, §§16-10-201 et seq.
- Improvement Contracts, §§22-9-202 – 22-9-204;
- Budgets, Purchases, Payments of Claims, Etc., §§14-58-201 – 14-58-203, 14-58-301 – 14-58-309;
- Investment of Public Funds, §§19-1-501 – 19-1-504
- Deposit of Public Funds, §§19-8-101 – 19-8-107

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

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City of Rogers, Arkansas, complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2024.

These conditions were considered in determining the nature, timing and extent of audit tests applied in our audit of the 2024 financial statements, and this report does not affect our report dated September 26, 2025 on those financial statements.

Honorable Mayor and City Council  
**City of Rogers, Arkansas**

This report is intended solely for the information and use of management, the City Council, the Mayor, Arkansas Division of Legislative Audit, and applicable bonding agencies and funding sources and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Landmark PLC". The word "Landmark" is written in a cursive style, and "PLC" is written in a simpler, more upright font.

Rogers, Arkansas  
September 26, 2025



**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**

Honorable Mayor and City Council  
**City of Rogers, 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 accompanying regulatory basis financial statements of the general fund; street fund, and the other funds in the aggregate of the **City of Rogers, Arkansas** (the City) as of and for the year ended December 31, 2024, and the Rogers Water Utilities, a component unit of the City, as of and for the year ended June 30, 2024, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated September 26, 2025. We issued an adverse opinion because the City prepared the financial statements using accounting practices prescribed or permitted by the State of Arkansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, the financial statements present fairly, in all material respects, the assets, liabilities, and fund balances of the funds as presented of the City as of December 31, 2024 (June 30, 2024 for Rogers Water Utilities), and their respective revenues, expenditures, and changes in fund balances and budgetary comparisons for the year then ended, in accordance with the financial reporting provisions prescribed by the State described in Note 2.

**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. 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.

Honorable Mayor and City Council  
**City of Rogers, Arkansas**

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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink that reads "Landmark PLC". The signature is written in a cursive, flowing style.

Rogers, Arkansas  
September 26, 2025



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Honorable Mayor and City Council  
**City of Rogers, Arkansas**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited City of Roger, Arkansas’ (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year December 31, 2024. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City’s federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control over Compliance**

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

Honorable Mayor and City Council  
**City of Rogers, Arkansas**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Landmark PLC". The signature is written in a cursive, flowing style.

Rogers, Arkansas  
September 26, 2025

# City of Rogers, Arkansas

## Schedule of Expenditures of Federal Awards Year ended December 31, 2024

<u>Grantor/Pass-through Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Revenues</u>	<u>Expenditures</u>
<b><u>Federal Awards</u></b>			
U.S. Department of Treasury			
Direct Programs			
Coronavirus State and Local Fiscal Recovery Funds	21.027	\$ -	\$ 97,055
U.S. Department of Transportation			
Direct Programs			
Federal Aviation Administration			
Airport Improvement Program	20.106	1,728,114	1,728,114
Pass through Arkansas State Highway and Transportation Department			
Highway Planning and Construction			
Highway Planning and Construction Cluster	20.205	1,540,409	1,158,469
State and Community Highway Safety Program			
Highway Safety Cluster	20.600	19,564	19,564
Total U.S. Department of Transportation		<u>3,288,087</u>	<u>2,906,147</u>
U.S. Department of Housing and Urban Development			
Direct Programs			
Community Development Block Grants/Entitlement Cluster	14.218	414,763	414,763
U.S. Department of Homeland Security			
Direct Program			
Staffing for Adequate Fire and Emergency Response (SAFER) Grant	97.083	96,898	96,898
Assistance to Firefighters Grant	97.044	10,964	152,509
Pass through Arkansas Department of Public Safety			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	84,841	84,841
Total U.S. Department of Homeland Security		<u>192,703</u>	<u>334,248</u>

See Independent Auditor's Report and Notes to Schedule of Expenditures of  
Federal Awards.

# City of Rogers, Arkansas

## Schedule of Expenditures of Federal Awards Year ended December 31, 2024

<u>Grantor/Pass-through Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Revenues</u>	<u>Expenditures</u>
U.S. Department of Justice			
Direct Programs			
Equitable Sharing Agreement	16.922	2,453	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	<u>286</u>	<u>28,526</u>
Total U.S. Department of Justice		<u>2,739</u>	<u>28,526</u>
Executive Office of the President			
Direct Program			
High Intensity Drug Trafficking Areas Program	95.001	<u>25,200</u>	<u>25,200</u>
Federal Communications Commission			
Direct Program			
Universal Service E Rate	32.004	<u>2,544</u>	<u>2,544</u>
Total Federal Awards		<u>\$ 3,926,036</u>	<u>\$ 3,808,483</u>

See Independent Auditor's Report and Notes to Schedule of Expenditures of  
Federal Awards.

# City of Rogers, Arkansas

## Notes to Schedule of Expenditures of Federal Awards Year ended December 31, 2024

***Scope of Audit Pursuant to the Uniform Guidance***

All federal financial award programs of the City of Rogers, Arkansas (the City) are included in the scope of the Uniform Guidance audit. For purposes of the Schedule of Federal Awards (the SEFA), federal awards include those received from other agencies, the original source of which was a federal agency.

***Summary of Significant Accounting Policies***

The City’s grant funds are accounted for on the modified cash basis of accounting. Under the modified cash basis, grant revenues are recognized when received and expenditures are recorded when paid. These grant funds are included in the “Contributions, donations, and grants” line of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Regulatory Basis. The City is the recipient of federal and state grant awards. The grant programs are administered by various departments within the City. The activities of these departments are monitored by City staff to ensure compliance with the requirements of grants.

***Relationship to Federal Financial Reports***

Grant expenditures reports as of December 31, 2024, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

***10% De Minimis Indirect Cost Rate***

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

***Sub-recipients***

Of the federal expenditures presented in the SEFA, the City provided federal awards to sub-recipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Sub-recipient</u>	<u>Amount</u>
Community Development Block Grant	14.218	Sunshine School and Development Center	\$ 12,000
		Boys and Girls Club (Rogers Unit)	12,622
		Nicole's House	5,000
		Adult Development Center of Benton County, Inc. dba Open Avenues	15,000
		CASA of NWA	5,000
		Northwest Arkansas Women's Shelter	5,000
		<u>\$ 54,622</u>	
Coronavirus State and Local Fiscal Recovery Funds	21.027	Excellerate Foundation dba UpSkill	<u>\$ 97,055</u>

# City of Rogers, Arkansas

## Schedule of Expenditures of State Awards Year ended December 31, 2024

<u>Grantor/Pass-through Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Revenues</u>	<u>Expenditures</u>
<b>State Awards</b>			
Arkansas State Library			
State Aid to Public Libraries	N/A	\$ 128,410	\$ 128,410
Scholarship Assistance	N/A	11,250	12,600
Arkansas Department of Emergency Management			
Arkansas Public Safety Communications and Next Generation 911	N/A	989,014	1,155,911
Arkansas Department of Health			
Trauma EMS Sustaining Grant	N/A	26,936	26,936
State Aid to Firefighters	N/A	32,696	-
Arkansas State Highway Department			
Child Passenger Protection Fund	N/A	<u>1,000</u>	<u>1,000</u>
Total State Awards		<u>\$ 1,189,306</u>	<u>\$ 1,324,857</u>



# City of Rogers, Arkansas

## Schedule of Findings and Questioned Costs Year ended December 31, 2024

9. The City qualified as a low-risk auditee as that term is defined in the Uniform Guidance?

Yes  No

### **II. FINDINGS RELATED TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED *GOVERNMENT AUDITING STANDARDS***

No matters are reportable.

### **III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

No matters are reportable.

# **City of Rogers, Arkansas**

## **Summary Schedule of Prior Year Audit Findings Year ended December 31, 2024**

There were no prior year audit findings for the year ended December 31, 2023.