

City of Searcy, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF SEARCY, ARKANSAS
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Arkansas

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



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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the regulatory basis financial statements of the City of Searcy, Arkansas (City), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, street fund, and other funds in the aggregate as of December 31, 2024; the related Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis; the Statement of Revenues, Expenditures, and Change in Fund Balances – Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended; and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of Searcy, Arkansas as of December 31, 2024; the regulatory basis revenues, expenditures, and changes in fund balance; and the budgetary comparisons for the general fund and street fund for the year then ended, in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying regulatory basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the general fund, street fund, and other funds in the aggregate of the City of Searcy, Arkansas, as of December 31, 2024, or the revenues, expenditures, and changes in fund balance and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements permitted by the State of Arkansas.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the City would have included other funds under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, these funds are not required to be included as part of the reporting entity. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412, as described in Note 1, to meet the requirements permitted by the State of Arkansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statements as a whole. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory basis financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory basis financial statements or to the regulatory basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information listed in the table of contents is fairly stated in all material respects, in relation to the regulatory basis financial statements as a whole on the basis of accounting described in Note 1.

Other Information

Management is responsible for the other information included in the report. The other information is comprised of the schedules listed in the table of contents but does not include the regulatory basis financial statements, supplemental information, and our auditor's reports thereon. Our opinions on the regulatory basis financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the regulatory basis financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
August 4, 2025
LOM108124

Arkansas

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



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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of City of Searcy, Arkansas (City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated August 4, 2025. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We also reported to management of the City in a separate letter dated August 4, 2025.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT



Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
August 4, 2025

Arkansas



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

Rep. Robin Lundstrum
House Chair
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House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

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

Mayor: Mat Faulkner
Clerk/Treasurer: Jerry Morris
District Court Clerk: Linda Wiseman
Police Chief: Steve Hernandez

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

District Court Clerk

The District Court Clerk was unable to identify \$124,604 remaining in the bank account with receipt numbers for cases not yet adjudicated and payments on all unpaid individual time accounts as required by Ark. Code Ann. § 16-10-209. A similar finding was noted in the previous twelve reports.

Other Issue

On August 26, 2024, an unauthorized withdrawal of \$76,935 was made from the City's bank account. The bank discovered the transaction, and funds were recovered from the bank on August 27, 2024.

This letter is intended solely for the information and use of the Legislative Joint Auditing Committee, the City Council (or local governing body) and City management, and other parties as required by Arkansas Code and is not intended to be and should not be used by anyone other than these specified parties. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

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

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
August 4, 2025

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 26,719,158	\$ 1,477,262	\$ 95,689,966
Accounts receivable	2,661,848	32,563	689,527
TOTAL ASSETS	\$ 29,381,006	\$ 1,509,825	\$ 96,379,493
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,187,811	\$ 42,707	\$ 853
Settlements pending			557,579
Total Liabilities	1,187,811	42,707	558,432
Fund Balances:			
Nonspendable	8,425		
Restricted	703,267	1,452,560	95,380,271
Committed			11,028
Assigned	7,906,215	14,558	429,762
Unassigned	19,575,288		
Total Fund Balances	28,193,195	1,467,118	95,821,061
TOTAL LIABILITIES AND FUND BALANCES	\$ 29,381,006	\$ 1,509,825	\$ 96,379,493

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

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

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
REVENUES			
State aid	\$ 1,449,357	\$ 1,886,127	\$ 144,356
Federal aid	1,014,834		994,887
Property taxes	373,329	275,265	
Franchise fees	2,027,173		
Sales taxes	19,152,666		2,666,030
Fines, forfeitures, and costs	480,252		104,310
Interest	918,347	80,141	96,370
Local permits and fees	952,240		
Sanitation fees	5,954,477		
Airport leases, fees, and fuel			1,101,105
Other	1,325,047	300	18,897
	<u>33,647,722</u>	<u>2,241,833</u>	<u>5,125,955</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government	3,937,473		84,935
Law enforcement	7,872,028		89,416
Highways and streets	2,537,984	3,394,811	
Public safety	4,860,090		814,149
Sanitation	4,936,188		
Recreation and culture	8,017,115		1,140,423
Social services	30,226		84,387
Economic development	544,623		
Industrial development			910,500
Airport	1,581,029		1,012,560
Cemetery	12,886		
Total Current	<u>34,329,642</u>	<u>3,394,811</u>	<u>4,136,370</u>
Debt Service:			
Bond interest and other charges			320
	<u>34,329,642</u>	<u>3,394,811</u>	<u>4,136,690</u>
TOTAL EXPENDITURES			

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

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (681,920)</u>	<u>\$ (1,152,978)</u>	<u>\$ 989,265</u>
OTHER FINANCING SOURCES (USES)			
Contributions from county			446,996
Contributions from regional library	3,508,658		
Contributions from advertising and promotion commission	8,000		
Proceeds from improvement bonds			90,630,000
Premium on bond issue			2,395,052
	<u>3,516,658</u>		<u>93,472,048</u>
TOTAL OTHER FINANCING SOURCES (USES)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,834,738	(1,152,978)	94,461,313
FUND BALANCES - JANUARY 1	<u>25,358,457</u>	<u>2,620,096</u>	<u>1,359,748</u>
FUND BALANCES - DECEMBER 31	<u>\$ 28,193,195</u>	<u>\$ 1,467,118</u>	<u>\$ 95,821,061</u>

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

CITY OF SEARCY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 710,526	\$ 1,449,357	\$ 738,831	\$ 2,035,000	\$ 1,886,127	\$ (148,873)
Federal aid	788,981	1,014,834	225,853			
Property taxes	356,536	373,329	16,793	265,000	275,265	10,265
Franchise fees	1,872,000	2,027,173	155,173			
Sales taxes	18,803,193	19,152,666	349,473			
Fines, forfeitures, and costs	506,727	480,252	(26,475)			
Interest	340,295	918,347	578,052	80,000	80,141	141
Local permits and fees	837,785	952,240	114,455	500		(500)
Sanitation fees	5,565,000	5,954,477	389,477			
Other	5,976,464	1,325,047	(4,651,417)	22,953	300	(22,653)
TOTAL REVENUES	35,757,507	33,647,722	(2,109,785)	2,403,453	2,241,833	(161,620)
EXPENDITURES						
Current:						
General government	5,878,077	3,937,473	1,940,604			
Law enforcement	8,437,233	7,872,028	565,205			
Highways and streets	2,112,420	2,537,984	(425,564)	3,839,159	3,394,811	444,348
Public safety	5,078,717	4,860,090	218,627			
Sanitation	5,048,407	4,936,188	112,219			
Recreation and culture	9,955,686	8,017,115	1,938,571			
Social services		30,226	(30,226)			
Economic development		544,623	(544,623)			
Airport	1,515,119	1,581,029	(65,910)			
Cemetery	25,300	12,886	12,414			
TOTAL EXPENDITURES	38,050,959	34,329,642	3,721,317	3,839,159	3,394,811	444,348

CITY OF SEARCY, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (2,293,452)	\$ (681,920)	\$ 1,611,532	\$ (1,435,706)	\$ (1,152,978)	\$ 282,728
OTHER FINANCING SOURCES (USES)						
Transfers in	1,176,303		(1,176,303)			
Transfers out	(1,072,147)		1,072,147			
Contributions from regional library		3,508,658	3,508,658			
Contributions from advertising and promotion commission		8,000	8,000			
TOTAL OTHER FINANCING SOURCES (USES)	104,156	3,516,658	3,412,502			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,189,296)	2,834,738	5,024,034	(1,435,706)	(1,152,978)	282,728
FUND BALANCES - JANUARY 1	7,193,866	25,358,457	18,164,591	(1,525,923)	2,620,096	4,146,019
FUND BALANCES - DECEMBER 31	<u>\$ 5,004,570</u>	<u>\$ 28,193,195</u>	<u>\$ 23,188,625</u>	<u>\$ (2,961,629)</u>	<u>\$ 1,467,118</u>	<u>\$ 4,428,747</u>

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

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

B. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

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

Capital Projects Funds - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets. See Schedules 1 and 2 for Capital Projects Funds as reported with other funds in the aggregate.

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

Custodial Funds - Custodial Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). See Schedule 1 for Custodial Funds as reported with other funds in the aggregate.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting - Regulatory

The financial statements are prepared on the regulatory basis of accounting as prescribed or permitted by Ark. Code Ann. § 10-4-412. This regulatory basis differs from accounting principles generally accepted in the United States of America. Revenues generally are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. However, most state aid received from the State Treasury is by state law revenue of the year in which it was received by the government. Expenditures generally are recorded when a liability is incurred. Liabilities incurred by the government on or before the end of the current period that are paid within 60 days of the end of the current period, are considered to be expenditures of the current period. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. As a result of the use of this regulatory basis of accounting, capital assets and long-term debt are not recorded in these financial statements. Pension trust funds are reported in a separate column as a part of supplementary information in order to provide users a better understanding of the entity as a whole.

The regulatory basis of accounting is not in accordance with generally accepted accounting principles (GAAP). GAAP require the following major concepts: Accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of the net pension liability in the financial statements, and applicable note disclosures. The regulatory basis of accounting does not require the previously identified concepts.

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and money market accounts, and certificates of deposit.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, bonds, fees, seizures, interest, and restitution that have not been transferred to the appropriate entities.

Fund Balance Classifications

1. Nonspendable fund balance - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).
4. Assigned fund balance - amounts that are constrained by the City Council's intent to be used for specific purposes but are neither restricted nor committed.
5. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Property Taxes

A lien attaches to the real property in January and on personal property in June of each year. Property taxes are collectible beginning the first business day of March of the subsequent year but are not considered delinquent until after October 15. Property taxes reflected as revenues on the financial statements include the property tax relief distribution made by the State of Arkansas. The purpose of this distribution is to reimburse the municipality for property tax credits in accordance with Arkansas Code.

F. Budget Law

State law requires that these procedures be followed in establishing the budgetary data:

- a. Prior to December 1, the Mayor submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. The proposed budget is discussed at a City Council meeting prior to adoption.
- c. Prior to February 1, the budget is legally enacted by ordinance or resolution of the City Council.
- d. Appropriations lapse at the end of each year.
- e. Under certain conditions, the budget may be amended subsequent to the year-end.

The budgeted revenues and expenditures represent the formal operating budget adopted by the City Council, as amended by the Council during the year.

Basis of Accounting

The City prepared an annual budget on the regulatory basis for the General Fund, Street Fund, and the other operating funds.

G. Fund Balance Classification Policies and Procedures

The Municipality's highest level of decision-making authority is its City Council. The establishment of amounts classified as committed fund balances and any subsequent modifications to such balances are the result of formal action taken by the City Council through passage of an ordinance. The City Council is authorized to assign amounts to a specific purpose, although a formal policy has not been established.

The Municipality does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The Municipality does not have a policy addressing which resources to use within the unrestricted fund balance when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

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

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 1,707,902	\$ 1,519,489
Collateralized:		
Collateral held by the pledging financial institution's trust department or agent in the City's name	28,253,825	29,346,494
Uninsured and uncollateralized	93,920,729	93,783,845
Total Deposits	\$ 123,882,456	\$ 124,649,828

The above total deposits do not include cash on hand of \$3,930.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits. A formal policy for custodial credit risk has not been adopted by the City. As of December 31, 2024, \$93,783,845 of the City's cash balances were exposed to custodial credit risk. The balances exposed to custodial credit risk were deposited in money market accounts consisting of Federated Treasury Obligations, which are not insured or collateralized.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

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

NOTE 4: Accounts Receivable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Federal aid	\$ 93,518		
Property taxes	43,434	\$ 32,563	
Franchise fees	400,710		
Sales taxes	1,446,633		\$ 623,058
Fines, forfeitures, and costs	25,354		5,736
Interest	14,078		
Sanitation fees	635,470		
Airport leases, fees, and fuel			24,233
Contributions from county			36,500
Other	2,651		
Totals	\$ 2,661,848	\$ 32,563	\$ 689,527

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

NOTE 5: Accounts Payable

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

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 823,849	\$ 38,942	\$ 853
Salaries payable	332,757		
Payroll taxes payable	28,719	3,765	
Other	2,486		
Totals	<u>\$ 1,187,811</u>	<u>\$ 42,707</u>	<u>\$ 853</u>

NOTE 6: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2024, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Nonspendable:			
Escrow	\$ 7,425		
Cemetery perpetual trust	1,000		
Total Nonspendable	<u>8,425</u>		
Restricted for:			
General government	6,762		
Law enforcement	529,562		\$ 251,959
Highways and streets		\$ 1,452,560	
Public safety	13,622		459,947
Sanitation	134,786		
Recreation and culture	13,538		
Social services	1,718		
Economic development			150,639
Cemetery	3,279		
Capital outlay			88,365,788
Debt service			6,151,938
Total Restricted	<u>703,267</u>	<u>1,452,560</u>	<u>95,380,271</u>
Committed for:			
Capital outlay			<u>11,028</u>
Assigned to:			
Law enforcement	266,789		
Highways and streets	7,639,426	14,558	
Public safety			68,062
Airport			361,700
Total Assigned	<u>7,906,215</u>	<u>14,558</u>	<u>429,762</u>
Unassigned	<u>19,575,288</u>		
Totals	<u>\$ 28,193,195</u>	<u>\$ 1,467,118</u>	<u>\$ 95,821,061</u>

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

NOTE 7: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2024, the legal debt limit for the bonded debt was \$92,067,121. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2024, the legal debt limit for short-term financing obligations was \$23,769,855. There were no short-term financing obligations.

NOTE 8: Commitments

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

	December 31, 2024
Long-term liabilities	\$ 92,837,320
Construction contracts	8,438,624
 Total Commitments	 \$ 101,275,944

Long-term liabilities

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

	December 31, 2024
<u>Bonds</u>	
Sales and Use Tax Improvement Bonds, Series 2024, dated November 19, 2024 in the amount of \$90,630,000, due in annual installments of \$3,005,000 - \$6,540,000 plus interest through November 1, 2044; interest rates from 4.125% to 5%. Payments are to be made from the 2024 Sales and Use Tax Improvement Bond Fund.	\$ 90,630,000
Arkansas District Judge's Retirement unfunded pension liability due to Arkansas Public Employees Retirement System (APERS) determined by actuarial valuation as of December 31, 2004, and amortized over a 30-year period. Payment amounts adjusted annually by APERS. Payments are to be made from the General Fund.	37,610
Compensated absences consisting of accrued holiday, vacation, sick and compensatory leave adjusted to current salary cost.	2,169,710
 Total Long-term liabilities	 \$ 92,837,320

Due to the City's regulatory basis of accounting, these liabilities are not recorded in the financial statements.

The City's outstanding bonds payable of \$90,630,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

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

NOTE 8: Commitments (Continued)

Compensated Absences

Compensated absences do vest or accumulate.

	December 31, 2024
Beginning balance compensated absences	\$ 2,051,205
Ending balance compensated absences	2,169,710
Net increase (decrease)	\$ 118,505

Post Employment Benefits Other Than Pensions

The amount of any actuarially determined accrued liability for post employment benefits other than pensions was not determined.

Transfer Station and Compost Center Closure Care Costs

The City is required by Ark. Code Ann. §§ 8-6-1602 – 1604 to establish financial assurance for cost of closure and postclosure care for its transfer station and compost center in compliance with state regulations. As of December 31, 2024, the City has established contracts of obligation with the Arkansas Department of Energy and Environment’s Division of Environmental Quality restricting \$134,786 in the General Fund to establish financial assistance for these costs.

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2024	Maturities to December 31, 2024
<u>Bonds</u>					
11/19/24	11/1/44	4.125 - 5%	\$ 90,630,000	\$ 90,630,000	\$ 0

Changes in Long-Term Debt

	Balance January 01, 2024	Issued	Retired	Balance December 31, 2024
Bonds payable	\$ 0	\$ 90,630,000	\$ 0	\$ 90,630,000

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

NOTE 8: Commitments (Continued)

Debt Service Requirements to Maturity

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

Years Ending December 31,	Bonds		
	Principal	Interest	Total
2025	\$ 3,005,000	\$ 3,804,334	\$ 6,809,334
2026	2,955,000	3,854,313	6,809,313
2027	3,100,000	3,706,563	6,806,563
2028	3,260,000	3,551,563	6,811,563
2029	3,420,000	3,388,563	6,808,563
2030 through 2034	19,840,000	14,200,562	34,040,562
2035 through 2039	24,825,000	9,219,412	34,044,412
2040 through 2044	30,225,000	3,818,287	34,043,287
Totals	<u>\$ 90,630,000</u>	<u>\$ 45,543,597</u>	<u>\$ 136,173,597</u>

Construction Contracts

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

Project Name	Completed or Estimated Completion	Contract Balance December 31, 2024
Ella/Poplar Sidewalk	2/13/2025	\$ 178,245
Street Paving	2/28/2025	664,802
Baseball/Softball Improvements	4/30/2025	779,108
Airport runway and lighting	5/31/2025	89,041
Airport Hangar Construction	5/31/2025	789,835
Airport Taxiway and Apron	5/31/2025	197,270
Airport Crack Seal and French Drain	5/31/2025	375,000
Airport Drainage Work	5/31/2025	222,222
South Sawmill Improvements	11/1/2025	5,143,101
Total Construction Contracts		<u>\$ 8,438,624</u>

NOTE 9: Pledged Revenues

The City pledged future 0.5% sales and use taxes plus \$210,000 per month of a permanent 1% sales and use tax to repay \$90,630,000 in bonds that were issued in 2024 to provide funding for park and recreational facilities and improvements. Total principal and interest remaining on the bonds are \$90,630,000 and \$45,543,597, respectively, payable through November 1, 2044.

The Debt Service Fund received \$2,643,186 in sales taxes in 2024. Any sales taxes collected in excess of debt service payments on these bonds must be used to redeem outstanding bonds prior to maturity.

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

NOTE 10: Related Party Transactions

The City had \$122,945,118 on deposit with First Security Bank at December 31, 2024. Public Educational and Residential Housing Facilities Board Member Patrick Stegall, Searcy Airport Commissioner and Parks & Recreation Advisory Board member Nathan Rutledge, and Planning Commissioner Matt Boyd are employed as Vice-President, President of Central Arkansas Market, and Vice-President of First Security Bank, respectively. Searcy Ordinances no. 2018-02 (January 18, 2018), 2022-12 (June 14, 2022), and 2024-28 (August 13, 2024) authorized the City to conduct business with the related parties.

The City paid a total of \$4,065,701 to Hart Construction for the renovation of a building to be used as a new library. Airport Commissioner Adam Hart is President of Hart Construction. Searcy Ordinance no. 2023-35 (August 8, 2023) authorized the City to conduct business with the related party.

NOTE 11: Joint Venture

White County Regional Library System

White County and the cities of Bald Knob, Bradford, Beebe, Pangburn, Searcy, Rose Bud, and Judsonia entered into an agreement in 1998 in accordance with Ark. Code Ann. § 13-2-401 to establish the White County Regional Library System. The agreement states that the White County Regional Library is to be financed from the revenue generated from real and personal property taxes from the County Library Fund, state aid, grant money, and any other funds which the County has or may acquire for the System. The City contributed \$495,925 for the expenses of the White County Regional Library System. Contact the White County Regional Library System at 1609 W. Beebe Capps Expressway, Searcy, Arkansas for financial statements.

NOTE 12: Risk Management

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

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

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

Municipal Vehicle Program

- A. Liability - This program may pay all sums the municipality legally must pay as damages because of bodily injury, death, or property damage to which this agreement applies involving a covered municipal vehicle and for which the municipality is liable. The limit of payment by the program is as follows: \$25,000 because of bodily injury to or death of one person in any one accident; \$50,000 because of bodily injury to or death of two or more persons in any one accident; and \$25,000 because of injury to or destruction of property of others in any one accident. The City shall pay into the program each year a charge established annually by the program administrator for covered municipal vehicles and self-propelled mobile equipment owned or leased by the City.
- B. Physical Damage - This program covers motor vehicles and permanently attached equipment which are the property of the participating municipality. Property is valued at the full cost to repair or replace the property after deduction for depreciation. Loss amounts payable will be reduced by the deductible amount of \$1,000 per occurrence. The City agrees to pay into the program each year a service charge established annually by the program administrator for covered property.

Municipal Property Program - This program covers insurable property and equipment, exclusive of motor vehicles and water vessels, which belong to or are in the care, custody, or control of a participating municipality. Property is valued at the full cost to repair or replace the property after deduction of depreciation or as agreed to by the participating municipality and program. Loss amounts payable will be reduced by the deductible amount of \$5,000, or in the case of flood or earthquake, \$100,000. The municipality agrees to pay into the program each year a service charge established annually by the program administrator for property for which the municipality desires coverage.

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

NOTE 12: Risk Management (Continued)

Municipal Legal Defense Program - The program shall, at the sole discretion of the program administrators, provide extraordinary legal defense and extraordinary expenses in suits against municipal officials and employees and civil rights suits against the municipal government of a participating municipality and pay extraordinary judgments (for actual damages – not punitive damages) imposed on municipal officials and employees and the municipal government. The program shall never be liable to reimburse the municipal government, municipal officials, and employees because of judgment in any one lawsuit for more than 25% of the program's available funds at time the lawsuit was filed, or the judgment becomes final, or \$1 million, whichever is less. The City agrees to pay into the program each year a charge established by the steering committee. Each city also agrees to pay the first \$3,000 of the aggregate cost for all expenses on each lawsuit. This cost deposit is not refundable.

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

**NOTE 13: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

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

On January 1, 1997, and August 1, 1999 administration of the City of Searcy Firemen's Pension and Relief Fund, and Policemen's Pension and Relief Fund were transferred to LOPFI, respectively. The benefit structure of these plans was not changed.

Funding Policy

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

- A. Paid service not covered by Social Security: 8.5% of gross pay
- B. Paid service also covered by Social Security: 2.5% of gross pay
- C. Volunteer fire service: no employee contribution

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$1,485,764 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$691,809 for the year ended December 31, 2024.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2024, (actuarial valuation date and measurement date) was \$10,572,098.

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

NOTE 14: Arkansas Public Employees Retirement System

Plan Description

The City contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers municipal employees whose municipalities have elected coverage under this System. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 W. Capitol, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or on their website www.apers.org.

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.75% as of July 1, 2024. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan for the year ended June 30, 2024, (date of APERS Employer Allocation Report) was \$905,788.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2024, (actuarial valuation date and measurement date) was \$6,478,672.

NOTE 15: Mayor's Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-123 establishes retirement benefits for mayors in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder of their natural life, payable at the rate of one-half (1/2) of the salary payable to the mayor at the completion of his or her last term as mayor. Retirement benefits are to be paid monthly from the City's General Fund. A mayor may retire: 1.) upon reaching the age of 60 with a minimum of ten years of service or 2.) upon serving 20 years, regardless of age. The City paid former Mayors David Evans and Belinda LaForce \$44,335 and \$50,925, respectively, for the year ended December 31, 2024.

NOTE 16: Subsequent Events

On March 24, 2025, the City issued \$13,900,000 of Hotel and Restaurant Gross Receipts Tax Bonds with interest rates ranging from 4 to 5 percent. The bond proceeds will be used for the purpose of financing the costs of constructing an outdoor aquatic center and improvements at Riverside Park.

On July 8, 2025, the City accepted the bid of \$2,956,000 from Redstone Construction for the Fuller Lane construction project.

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

Schedule 1

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUNDS	
	Revolving Loan	Drug Control	Fire Equipment and Training (Act 833)	Airport	County Fire Sales Tax	District Court Automation	Half-Street Improvements	2024 Sales & Use Tax Improvement Bond - Construction
ASSETS								
Cash and cash equivalents	\$ 150,639	\$ 46,914	\$ 74,174	\$ 336,067	\$ 417,498	\$ 199,309	\$ 11,028	\$ 88,365,788
Accounts receivable				26,323	36,500	5,736		
TOTAL ASSETS	\$ 150,639	\$ 46,914	\$ 74,174	\$ 362,390	\$ 453,998	\$ 205,045	\$ 11,028	\$ 88,365,788
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable				\$ 690	\$ 163			
Settlements pending								
Total Liabilities				690	163			
Fund Balances:								
Restricted	\$ 150,639	\$ 46,914	\$ 29,814		430,133	\$ 205,045		\$ 88,365,788
Committed							\$ 11,028	
Assigned			44,360	361,700	23,702			
Total Fund Balances	150,639	46,914	74,174	361,700	453,835	205,045	11,028	88,365,788
TOTAL LIABILITIES AND FUND BALANCES	\$ 150,639	\$ 46,914	\$ 74,174	\$ 362,390	\$ 453,998	\$ 205,045	\$ 11,028	\$ 88,365,788

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

Schedule 1

	<u>DEBT SERVICE FUNDS</u>		<u>CUSTODIAL FUNDS</u>			<u>Totals</u>
	<u>2024 Sales & Use Tax Improvement Bond - Revenue and Bond</u>	<u>2024 Sales & Use Tax Improvement Bond - Cost of Issuance</u>	<u>Police Bond and Fine</u>	<u>Seized Property</u>	<u>District Court</u>	
ASSETS						
Cash and cash equivalents	\$ 5,432,945	\$ 98,025	\$ 13,767	\$ 99,600	\$ 444,212	\$ 95,689,966
Accounts receivable	620,968					689,527
TOTAL ASSETS	<u>\$ 6,053,913</u>	<u>\$ 98,025</u>	<u>\$ 13,767</u>	<u>\$ 99,600</u>	<u>\$ 444,212</u>	<u>\$ 96,379,493</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable						\$ 853
Settlements pending			\$ 13,767	\$ 99,600	\$ 444,212	557,579
Total Liabilities			<u>13,767</u>	<u>99,600</u>	<u>444,212</u>	<u>558,432</u>
Fund Balances:						
Restricted	\$ 6,053,913	\$ 98,025				95,380,271
Committed						11,028
Assigned						429,762
Total Fund Balances	<u>6,053,913</u>	<u>98,025</u>				<u>95,821,061</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,053,913</u>	<u>\$ 98,025</u>	<u>\$ 13,767</u>	<u>\$ 99,600</u>	<u>\$ 444,212</u>	<u>\$ 96,379,493</u>

CITY OF SEARCY, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2024

Schedule 2

	SPECIAL REVENUE FUNDS								
	Revolving Loan	Drug Control	Arkansas Economic Development Commission	Fire Equipment and Training (Act 833)	Airport	County Fire Sales Tax	District Court Automation	American Rescue Plan Act	Arkansas Economic Development Commission - Bryce
REVENUES									
State aid				\$ 144,356					
Federal aid			\$ 84,387						\$ 910,500
Sales taxes					\$ 22,844				
Fines, forfeitures, and costs		\$ 22,445					\$ 81,865		
Interest	\$ 5,698			3,389	10,418	\$ 665	244	\$ 746	
Airport leases, fees, and fuel					1,101,105				
Other					18,897				
TOTAL REVENUES	<u>5,698</u>	<u>22,445</u>	<u>84,387</u>	<u>147,745</u>	<u>1,153,264</u>	<u>665</u>	<u>82,109</u>	<u>746</u>	<u>910,500</u>
EXPENDITURES									
Current:									
General government									
Law enforcement		23,714					2,551	63,151	
Public safety				255,321		495,676		63,152	
Recreation and culture									
Social services			84,387						
Industrial development									910,500
Airport					1,012,560				
Total Current		<u>23,714</u>	<u>84,387</u>	<u>255,321</u>	<u>1,012,560</u>	<u>495,676</u>	<u>2,551</u>	<u>126,303</u>	<u>910,500</u>
Debt Service:									
Bond interest and other charges									
TOTAL EXPENDITURES		<u>23,714</u>	<u>84,387</u>	<u>255,321</u>	<u>1,012,560</u>	<u>495,676</u>	<u>2,551</u>	<u>126,303</u>	<u>910,500</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,698</u>	<u>(1,269)</u>		<u>(107,576)</u>	<u>140,704</u>	<u>(495,011)</u>	<u>79,558</u>	<u>(125,557)</u>	
OTHER FINANCING SOURCES (USES)									
Contributions from county						446,996			
Proceeds from improvement bonds									
Premium on bond issue									
TOTAL OTHER FINANCING SOURCES (USES)						<u>446,996</u>			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>5,698</u>	<u>(1,269)</u>		<u>(107,576)</u>	<u>140,704</u>	<u>(48,015)</u>	<u>79,558</u>	<u>(125,557)</u>	
FUND BALANCES - JANUARY 1	<u>144,941</u>	<u>48,183</u>		<u>181,750</u>	<u>220,996</u>	<u>501,850</u>	<u>125,487</u>	<u>125,557</u>	
FUND BALANCES - DECEMBER 31	<u>\$ 150,639</u>	<u>\$ 46,914</u>	<u>\$ 0</u>	<u>\$ 74,174</u>	<u>\$ 361,700</u>	<u>\$ 453,835</u>	<u>\$ 205,045</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF SEARCY, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2024

Schedule 2

	CAPITAL PROJECTS FUNDS		DEBT SERVICE FUNDS		Totals
	Half-Street Improvements	2024 Sales & Use Tax Improvement Bond - Construction	2024 Sales & Use Tax Improvement Bond - Revenue and Bond	2024 Sales & Use Tax Improvement Bond - Cost of Issuance	
REVENUES					
State aid					\$ 144,356
Federal aid					994,887
Sales taxes			\$ 2,643,186		2,666,030
Fines, forfeitures, and costs					104,310
Interest	\$ 44	\$ 69,875	5,266	\$ 25	96,370
Airport leases, fees, and fuel					1,101,105
Other					18,897
TOTAL REVENUES	44	69,875	2,648,452	25	5,125,955
EXPENDITURES					
Current:					
General government				84,935	84,935
Law enforcement					89,416
Public safety					814,149
Recreation and culture		1,140,423			1,140,423
Social services					84,387
Industrial development					910,500
Airport					1,012,560
Total Current		1,140,423		84,935	4,136,370
Debt Service:					
Bond interest and other charges			320		320
TOTAL EXPENDITURES		1,140,423	320	84,935	4,136,690
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	44	(1,070,548)	2,648,132	(84,910)	989,265
OTHER FINANCING SOURCES (USES)					
Contributions from county					446,996
Proceeds from improvement bonds		87,041,284	3,405,781	182,935	90,630,000
Premium on bond issue		2,395,052			2,395,052
TOTAL OTHER FINANCING SOURCES (USES)		89,436,336	3,405,781	182,935	93,472,048
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	44	88,365,788	6,053,913	98,025	94,461,313
FUND BALANCES - JANUARY 1	10,984				1,359,748
FUND BALANCES - DECEMBER 31	<u>\$ 11,028</u>	<u>\$ 88,365,788</u>	<u>\$ 6,053,913</u>	<u>\$ 98,025</u>	<u>\$ 95,821,061</u>

CITY OF SEARCY, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2024

The following funds and descriptions represent all funds reported as other funds in the aggregate.

<u>Fund Name</u>	<u>Fund Description</u>
Revolving Loan	Searcy Resolution no. 95-13 (May 1, 1995) created this fund as a result of a grant from the Arkansas Economic Development Commission with the objective to stimulate industrial development and job creation.
Drug Control	Ark. Code Ann. § 5-64-505 established fund to receive asset forfeitures resulting from drug offense cases due to arresting agency. The revenues shall only be used for law enforcement purposes.
Arkansas Economic Development Commission	Established to account for grants from the Arkansas Department of Economic Development Commission.
Fire Equipment and Training (Act 833)	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.
Airport	Ark. Code Ann. §§ 14-360-101 - 105 authorized cities to own, operate, and manage airports or flying fields. All revenue derived from the operation of the airport or flying field, after paying the operating expenses and maintenance, shall be set aside and used for additional improvements on the airport or for the retirement of bonds and interest thereon issued for the purchase and improvement of the airport or flying field.
County Fire Sales Tax	Established to account for the City's portion of a county-wide quarter-cent sales and use tax to be used exclusively for fire protection services.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for court-related technology.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLRF), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
Arkansas Economic Development Commission - Bryce	Established to account for grants from the Arkansas Department of Economic Development Commission on behalf of The Bryce Company, LLC.

CITY OF SEARCY, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2024

The following funds and descriptions represent all funds reported as other funds in the aggregate.

<u>Fund Name</u>	<u>Fund Description</u>
Half-Street Improvements	Established to account for funds to be utilized for certain street improvements as required by Searcy Ordinance no. 2008-15 (May 13, 2008).
2024 Sales & Use Tax Improvement Bond - Construction	Established by Searcy Ordinance no. O-2024-37 (October 8, 2024) authorizing and pledging aggregating one and one-half cent sales and use tax to issue capital improvement bonds to finance parks and recreational facilities and improvements.
2024 Sales & Use Tax Improvement Bond - Revenue and Bond	Established by Searcy Ordinance no. O-2024-37 (October 8, 2024) authorizing and pledging aggregating one and one-half cent sales and use tax to issue capital improvement bonds to finance parks and recreational facilities and improvements.
2024 Sales & Use Tax Improvement Bond - Cost of Issuance	Established by Searcy Ordinance no. O-2024-37 (October 8, 2024) authorizing and pledging aggregating one and one-half cent sales and use tax to issue capital improvement bonds to finance parks and recreational facilities and improvements.
Police Bond and Fine	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the police department.
Seized Property	Ark. Code Ann. § 5-64-505 authorizes account to deposit negotiable instruments or money seized by law enforcement agencies pending adjudication.
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.

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

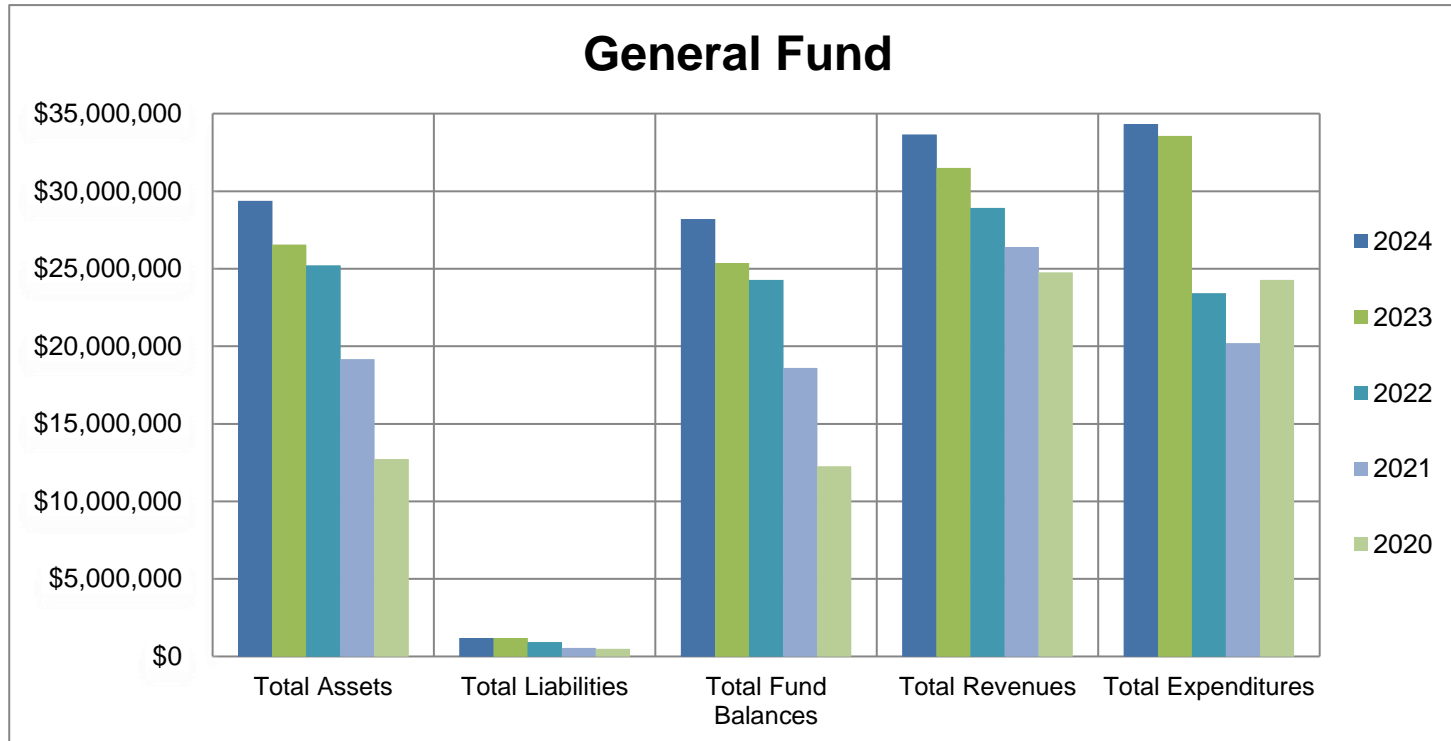
Schedule 3

	<u>December 31, 2024</u>
Land	\$ 12,578,989
Buildings	35,359,946
Equipment	19,073,050
Construction in progress	<u>2,051,478</u>
Total	<u>\$ 69,063,463</u>

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

Schedule 4-1

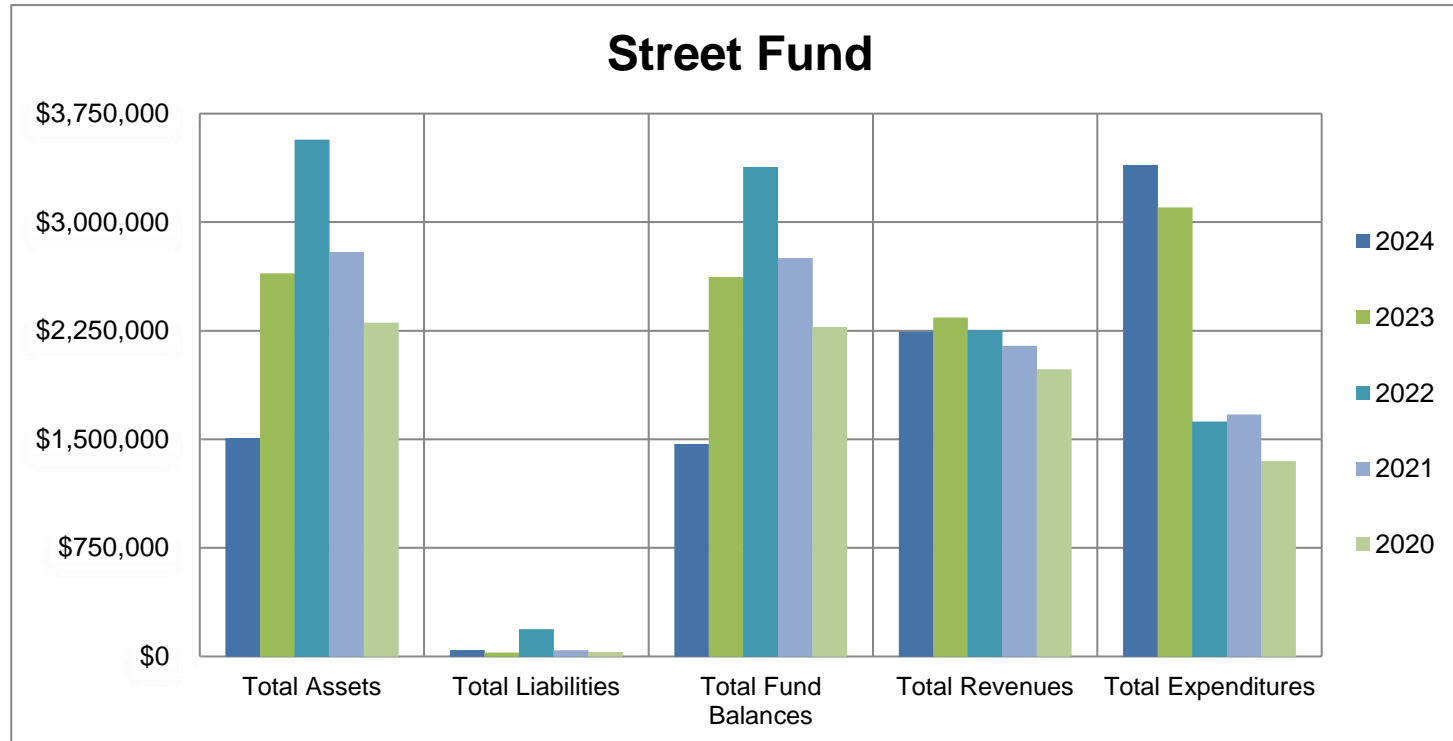
<u>General</u>	2024	2023	2022	2021	2020
Total Assets	\$ 29,381,006	\$ 26,551,507	\$ 25,201,193	\$ 19,151,420	\$ 12,726,085
Total Liabilities	1,187,811	1,193,050	929,038	540,999	480,835
Total Fund Balances	28,193,195	25,358,457	24,272,155	18,610,421	12,245,250
Total Revenues	33,647,722	31,491,661	28,927,162	26,393,492	24,757,909
Total Expenditures	34,329,642	33,566,089	23,405,691	20,190,379	24,271,929
Total Other Financing Sources/Uses	3,516,658	3,160,730	140,263	162,058	830,000



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

Schedule 4-2

<u>Street</u>	2024	2023	2022	2021	2020
Total Assets	\$ 1,509,825	\$ 2,646,105	\$ 3,568,212	\$ 2,793,243	\$ 2,304,642
Total Liabilities	42,707	26,009	186,906	42,093	29,342
Total Fund Balances	1,467,118	2,620,096	3,381,306	2,751,150	2,275,300
Total Revenues	2,241,833	2,340,037	2,250,847	2,146,097	1,981,524
Total Expenditures	3,394,811	3,101,247	1,620,691	1,670,247	1,346,621
Total Other Financing Sources/Uses					



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

Schedule 4-3

<u>Other Funds in the Aggregate</u>	2024	2023	2022	2021	2020
Total Assets	\$ 96,379,493	\$ 1,846,654	\$ 3,808,431	\$ 4,134,275	\$ 4,242,291
Total Liabilities	558,432	486,906	367,970	583,431	468,597
Total Fund Balances	95,821,061	1,359,748	3,440,461	3,550,844	3,773,694
Total Revenues	5,125,955	4,101,272	5,484,685	3,466,270	795,266
Total Expenditures	4,136,690	6,623,739	5,996,641	4,066,404	1,879,993
Total Other Financing Sources/Uses	93,472,048	441,754	401,573	377,284	353,747

