Bella Vista City Council
Work Session Meeting Agenda

Date/Time: July 20, 2026
6:00 PM

Location: Bella Vista District Court
2483 Forest Hills Boulevard

City Council and Planning Commission regular meetings are live streamed and archived for your convenience. View the meeting at its scheduled time or after at https://bit.ly/bvmeetingslive.

Mayor:
John D. Flynn

City Clerk:
Wanda Lepillez Krug

Council Members:
Ward 1, Position 1 - Travis Harp
Ward 1, Position 2 - Wendy Hughes
Ward 2, Position 1 - Shea Newport
Ward 2, Position 2 - Larry Wilms
Ward 3, Position 1 - Anna Isbell
Ward 3, Position 2 - Craig Honchell

I. Call to Order

This meeting has been given public notice in accordance with Section 25-19-106 of the Arkansas Freedom of Information Act in such form that will apprise the public and news media of subject matter presented for consideration and action.

II. Review of Minutes

A. June 22, 2026, City Council Regular Meeting

III. Unfinished Business

B. **ORDINANCE**: AMENDING SECTION 16-43 ACTIVE PERMIT MAXIMUM OF THE CODE OF ORDINANCES OF THE CITY OF BELLA VISTA TO INCREASE THE MAXIMUM NUMBER OF SHORT-TERM RENTAL PERMITS FROM 600 TO 687, AND FOR OTHER PURPOSES *Third Reading*

C. **ORDINANCE**: REQUIRING ORIENTATION AND CONTINUING EDUCATION FOR ELECTED OFFICIALS OF THE CITY OF BELLA VISTA, ARKANSAS; ESTABLISHING MINIMUM TRAINING REQUIREMENTS; PROVIDING FOR REPORTING OF COMPLIANCE; AND FOR OTHER PURPOSES. *Second Reading*

IV. New Business

See meeting packet for complete ordinances and resolutions.

D. **ORDINANCE:** AMENDING SECTIONS 16-41, 16-42, 16-43 AND 16-45 OF THE CITY CODE OF BELLA VISTA REGULATING SHORT-TERM RENTALS TO AUTHORIZE THE TRANSFER OF SHORT-TERM RENTAL PERMITS UPON THE SALE OF PROPERTY, TO AUTHORIZE PRORATED REFUNDS UPON THE VOLUNTARY SURRENDER OF UNUSED PERMITS, AND FOR OTHER PURPOSES

E. **RESOLUTION:** REFERRING TO THE PLANNING COMMISSION FOR PUBLIC HEARING AND RECOMMENDATION A ZONING CODE CHANGE REGARDING DENSITY OF SHORT-TERM RENTALS WITHIN RESIDENTIAL ZONES

F. **RESOLUTION:** ACCEPTING THE FINANCIAL AUDIT REPORT PRESENTED BY FORVIS MAZARS, LLP FOR THE YEAR ENDING DECEMBER 31, 2025

G. **RESOLUTION:** AUTHORIZING THE MAYOR AND CITY CLERK TO ENTER INTO AN AMENDMENT TO THE SOLID WASTE CONTRACT WITH ALLIED SERVICES, LLC DBA REPUBLIC SERVICES OF BELLA VISTA TO PROVIDE A THREE-YEAR EXTENSION TO THE CURRENT AGREEMENT AND TO PROVIDE AN OPPORTUNITY FOR CURBSIDE RECYCLING IN THE CITY

V. Discussion Items

H. Bella Vista Recycling Center: Council Member Travis Harp, Operations Manager Ken Nelson, and Volunteer Lou Stirek

I. Proposed Planning and Development Code Changes: Council Member Larry Wilms
1. Require "Administratively Approved" Subdivisions (Less than 6 Lots) to have the same "Standards of Performance or Requirements" as "Council Approved" Subdivisions (6 or more Lots).
2. Revise our Code to require the same "Tree Removal Standards or Permissions" for EXISTING PLATTED LOTS as our Code permits for NEW SUBDIVISION Lots.
3. Set severe MANDATORY penalties for violations of Tree Removal Standards to be very stringent for EACH BUILDER WHO IS ISSUED THE PERMIT; $500.00 for 1st Offense; $1,500.00 for 2nd Offense; and $4,500.00 for any successive violation.
4. Require 'higher size standards' for ALL TREES required as replacement plantings when "Over Clearing of Trees" has been performed following issuance of any new building permit to 2.5-inch caliper minimum with a

3-year survival Guarantee and four (4) inspections by City Staff, At time of Occupancy Permit and on/near the next 3-year anniversary dates of the CofO.
5. Require pre-payment of inspection fee(s) to validate that planted trees are in sound condition at the time of the Certificate of Occupancy,1st, 2nd and 3rd Anniversary of CofO. Suggest that Raines Tree Services or another Licensed Arborist do this and invoice City for each inspection; Set Tree Inspection value at a rate to recover those costs. (e.g. Fees would increase each year, and we could get a "4-year" Rate with the Arborist for our Fee Schedule.

J. Creation of "Green" Committee/Board: Council Member Wendy Hughes

VI. Adjournment

SPECIAL NOTICES TO THE PUBLIC: Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services. To request this service, contact City Clerk prior to each meeting at 479-876-1255.

BELLA VISTA CITY COUNCIL REGULAR MEETING

June 22, 2026   6:00 PM

Bella Vista District Court 2483 Forest Hills Boulevard

MINUTES

Call to Order by Mayor Flynn at 6:00 pm.

Pledge of Allegiance recited.

Roll Call called by Clerk Krug. Council Members Newport, Wilms, Isbell, Honchell, Harp, and Hughes were present. Mayor Flynn was present.

Citizen Input Mayor Flynn explained the 3-minute per-person rule for Citizen Input. He proposed a motion to extend the total Citizen Input time to more than 30 minutes, due to the 11 citizens signed up to speak. Council Member Harp made a motion to approve, seconded by Council Member Wilms. ***Roll Call Vote: (Ayes: 6/Nays: 0) Passed: 6-0.*** Mayor Flynn proceeded to call each person on the list, in turn.

Carol Quinn, 1 Teresa Dr. Carol came to speak about civic engagement in our city. Carol thanked Mayor Flynn for his efforts to answer questions from residents in a professional manner. She disapproved of Council Member Hughes filing an ethics complaint against Mayor Flynn published in the Gazette and Weekly Vista over his *Coffee with the Mayor* events and city photo. A lawyer of 40 years, Carol said it would be better to avoid this kind of toxicity for minor complaints and engage in a direct conversation instead.

Darecca Jensen, 17 Kensington Dr. Darecca came to speak about her residential camper parking violation. She thinks the camper parking regulation in Bella Vista is excessive and requested a review to modify the language to make it more accessible to residents who own campers. She has parked the camper behind a 6 ft. fence at the back of her property for the past five years, and now must comply with the ordinance and place her camper in storage or build a taller fence. She would like to find an alternative solution.

Mary Alice Estes, 77 McKenzie Dr. Mary Alice spoke about her concerns for traffic safety and speed on Gordon Hollow Road. She said when one crosses from Arkansas to Missouri there is no striping. She requested someone on the Council reach out to McDonald County and work collectively to get striping on the road for public safety. She reported the increase in heavy-duty construction traffic that makes it more dangerous. She said she contacted the Mayor and a Council Member but has not heard back on the issue, and would like a

response.
Sandra Quinn, 58 Kensington Dr. Sandra is opposed to raising the STR cap to 687 due to her experience living with several Airbnbs on Kensington Drive. She said visitors do not care about keeping the property clean, the parking problems or the septic issues, and it is difficult for residents to have constant strangers in the neighborhood. Her neighborhood has changed drastically with the STR increase. She also complained about the problem of bikers on the winding, narrow streets of Bella Vista, due to safety concerns. She stated she is pro-biking and biking trails, just not on the streets.
Gary Elbert, 17 Mary Kirk Ln. Gary spoke about STR permits for the second time this year. He reported his lakefront street with 10 homes recently lost its fourth home to an STR. He is opposed to the current proposal on the Agenda to increase the cap from 600 to 687. A short-term rental ban wasn't his intent, but balance. He urged the Council to consider a concentration limit, such as no new permits for sites within 200 ft. of a permitted STR property. Many of his neighbors stood to demonstrate the number of residents within 200 feet of an STR property.
Cliff Westphal, 2 Bilston Ln. Cliff, a BV resident for 29 years, came to speak about speeding problems near Lake Windsor. He reported that many of the new people do not know how to get to Lake Windsor even with the signage on 340. He thinks better signage is needed on Bromwich and Cannock Streets with clear directions to Lake Windsor. People speed on the two streets out of frustration to find the lake, and he wants something to be done to slow cars down due to children in the neighborhood.
Suzanne Saltz, 15 Marykirk Ln. Suzanne came to speak in opposition to the proposed STR ordinance to raise the cap to 687. She said since 2024, every home sold in her neighborhood has been turned into a rental. 40% of the homes on her lakeside block are now short-term lodging, a pattern that is changing the character of her neighborhood. She believes the problem lies with investor-owned short-term rentals: people from outside BV who are buying homes and using them as businesses in BV neighborhoods. She cited other cities in Northwest Arkansas that placed limits on short-term rental numbers and said if BV followed Fayetteville's standard of 1%, our cap would be about 152. Suzanne urged the Council to vote against the proposed ordinance to raise the cap to 687. Likewise, she hopes Arkansas residents will stand up against state legislators who would like to take STR regulations away from municipalities.
Ben Hunt, 21 Harborough Ln. Ben came to speak as a candidate for Mayor of Bella Vista in the 2026 election. Ben serves as a First Sergeant in the Air Force and is a veteran. He also owned and operated a construction business for over 20 years. He thinks BV leadership should be focused on prioritizing the residents. He reported that his entire career was centered around solving problems, building relationships, creating accountability and delivering results. His goals include building a culture of accountability, professionalism, communication, and elite

customer service. He believes one of the main responsibilities of the mayor is chief negotiator: negotiating with developers, regional partners, state leaders, and organizations that impact our future. He thinks each negotiation should begin and end with the same question. What is best for the city of Bella Vista?
Matt Sanders, 7 Nantwich Cir. Matt began by quoting Micah 6:8 from the Old Testament. He reported he spoke to the Council on Jan. 27, 2025 about his new home construction that was erroneously issued a certificate of occupancy by a city building inspector. He said his home needed $150,000 worth of repairs to bring his house to code, so he went to get a permit for additional work and that permit #63528 was voided by Inspections for filing a false permit application and false permit. He reported that he was then arrested and now faces over $6,000 in fines and up to 3 years in jail. He has reached out to the Mayor and to his Ward 1 Council members to no avail. He requested help from the Council.
Maribel Childress, 26 Norwood Dr. Maribel, principal of Cooper Elementary, spoke about an outstanding collaboration between the Bella Vista Planning Department and 4th graders at Cooper. She explained that Cooper is a School of Innovation with different Academies, and one is the Business and Entrepreneurship Academy. This Academy partnered with the City of Bella Vista to find out what it takes to become a business owner and entrepreneur in BV. Planning Director Taylor Robertson and her staff put together a presentation on zoning, development review, and licensing, with only a 2-week notice. They taught students about zoning maps, fire safety rules, traffic, parking, business codes, non-profits, and for-profit businesses. Maribel said she received the highest compliment when Taylor asked if she could keep the students' business plans to post in her office.
Eric Wells, 50 Lavendon Cir. Eric came to speak out against STRs. He moved his family to Bella Vista from a small town in Montana where STRs slowly took over and the soul of that town quietly disappeared. Now he is facing the same issues in Bella Vista. He reported calling the police on numerous occasions for code violations at an STR directly across from his house that hosted 6 chaotic parties over the last year. When one weekend booking outweighs the cost of a citation, nothing changes, he reported. He urged the Council to increase fines, raise licensing and permitting fees, and make operating a short-term rental in BV a serious commitment, not a business that profits from our streets while BV families pay the price.

Council Member Reply Council Member Hughes thanked the citizens for coming to speak. She told Mary Alice she would get her connected with the Streets Department Director, Karen Hunt. She suggested Cliff might reach out to the POA since his situation could be related to lakes, and she would be happy to help coordinate that. Council Member Honchell spoke to Mary Alice regarding Gordon Hollow Road. He said he shares her concerns as well, because he also lives near Scottsdale. He stated that he has been in communication with the

Director of Streets, Karen Hunt, about getting the trail cleared, getting a low water bridge, and the big potholes. He said Karen has a good relationship with the street department in McDonald County, and he will speak to her later about the striping. Council Member Wilms stated he talked to the commissioner at McDonald County Highway, and their policy is not to stripe their center lines anywhere on county roads, but it may be a different standard than in Arkansas. He recounted that back in 2012, the city received requests from citizens to make a better connection between Scottsdale and the state line for access because it was a back narrow gravel road, just one and a half lanes. The City of Bella Vista took on that project and paid for the construction of that road. It was paved and striped, and he thought that McDonald County was the primary contractor. When the paint wears off in Bella Vista, we continue to paint the stripes, but McDonald County does not according to their policy. Council Member Harp thanked the citizens for coming out to engage on issues that are important to them. He reminded everyone if they have a problem with guests at STR properties adjacent to or nearby their homes, to notify the police so they have record of it. He thinks one way to decrease the demand for STR permits is to allow the transfer of an STR permit when the house is sold. He appreciated hearing citizens speak about many different topics.
Mayor Flynn said he appreciated everyone who came out to speak. Then he said that he wished people would give a little more thought before they submitted FOIA requests. He said a recent request asked for every email on STRs since 2015 and that turned out to be 50,000 pages. Several employees needed to put their own work on hold and go through those 50,000 pages. He noted that the Freedom of Information Act (FOIA) law is very liberal and everyone likes open government. But he encouraged people to try and be helpful; some people don't realize the heavy demand these requests put on busy municipal workers.

Reports

Certificate of Recognition for Master Gardeners Debbie Bodnar, Dory Hammeke, and Judy Stokes: Mayor Flynn read the Certificate of Recognition for the three Master Gardeners and called them forward to receive their certificates and have their picture taken. The recognition was for their work with the Benton County Master Gardeners on the revitalization of the BV community garden located at Mercy Hospital, resulting in not only a vibrant garden but a productive food source growing nearly 2,000 pounds of produce for the NWA region via the Mercy food pantry.

Monthly Financial Report through April 30, 2026: Mayor Flynn Mayor Flynn briefly summarized the financial statements ending April 30, 2026. Total operating revenues were up 7.2% compared to last year. The surplus over the budget was $694,000 after just four months. The city sales tax was up 9.5%. The county sales tax turned negative the previous month, but by April

it was up 5.1%, which is encouraging news. For operating expenses, they were below budget by $943,000 for the first four months, and the city continues to have a safe reserve.
Mayor Flynn stated that Attorney Jason Kelly could not make the meeting due to medical reasons, but that he would be fine. Attorney Kelley went 12.5 years without missing a regular meeting and Mayor Flynn wanted everyone to know what a positive asset Jason is for us. He said people don't realize how much he comes through for us time and time again.

(The Chair will entertain a motion to suspend the rules of order and procedure to allow all ordinances on the agenda to be read by title only.) *Motion approved by Council Member Wilms, seconded by Council Member Hughes.* ***Roll Call Vote: (Ayes: 6/Nays: 0) Passed: 6-0.***

Consent Agenda *Mayor Flynn introduced the item on the Consent Agenda. Council Member Wilms made a motion to approve, seconded by Council Member Isbell.* ***Roll Call Vote: (Ayes: 6/Nays: 0) Passed: 6-0.***

Approval of Minutes: May 26, 2026, City Council Regular Meeting

Unfinished Business

ORDINANCE: AMENDING SECTION 16-43 ACTIVE PERMIT MAXIMUM OF THE CODE OF ORDINANCES OF THE CITY OF BELLA VISTA TO INCREASE THE MAXIMUM NUMBER OF SHORT-TERM RENTAL PERMITS FROM 600 TO 687, AND FOR OTHER PURPOSES *Second Reading Mayor Flynn read the ordinance for the second time. Council Members expressed their approval and disapproval of this proposal, and Mayor Flynn moved the ordinance to third and final reading in July.*

New Business

ORDINANCE: APPROVING FINAL PLAT FPL-2026-64569 AND ACCEPTING PUBLIC RIGHTS-OF-WAY AND EASEMENT DEDICATIONS THEREIN *(staff requests 3rd and final reading) Mayor Flynn read the ordinance. Council Member Hughes made a motion to move to the third and final reading, seconded by Council Member Isbell.* ***Roll Call Vote: (Ayes: 6/Nays: 0) Passed: 6-0.*** *Motion to adopt made by Council Member Harp, seconded by Council Member Hughes.* ***Roll Call Vote: (Ayes: 6/Nays: 0) Passed: 6-0.***

ORDINANCE: REQUIRING ORIENTATION AND CONTINUING EDUCATION FOR ELECTED OFFICIALS OF THE CITY OF BELLA VISTA, ARKANSAS; ESTABLISHING MINIMUM TRAINING REQUIREMENTS; PROVIDING FOR REPORTING OF COMPLIANCE; AND FOR OTHER PURPOSES. *Mayor Flynn read the ordinance. Council Member Hughes explained the reasons she proposed the ordinance. Council Members discussed their varying opinions on the value of this ordinance. Mayor Flynn moved the ordinance to second reading in*

July.

RESOLUTION: AUTHORIZING THE CITY TO INITIATE LEGAL PROCEEDINGS AGAINST BELLA VISTA VILLAGE PROPERTY OWNERS ASSOCIATION, INC. TO FACILITATE CONDEMNATION AND POSSESSION OF REAL PROPERTY FOR PURPOSES OF COMPLETING THE PUBLIC SAFETY RADIO TOWER PROJECT, AND FURTHER AUTHORIZING SETTLEMENT IN THE TOTAL AMOUNT OF $67,000.00 *Mayor Flynn read the resolution. He called Chief Graves forward to speak about it. He explained this radio tower project was part of the 2025 bond money allotted to the police department. This resolution is to acquire the property needed for the third tower because the POA owns it. They can't sell it to the city outright because of the rules. So the city has to go to court for a non-hostile condemnation to which the POA has agreed. It is a legal formality. Council Member Hughes made a motion to approve, seconded by Council Member Wilms.* ***Roll Call Vote: (Ayes: 6/Nays: 0) Passed: 6-0.***

RESOLUTION: AUTHORIZING THE MAYOR AND CITY CLERK TO ENTER INTO A CONTRACT WITH SUPERIOR AUTOMOTIVE GROUP OF SILOAM SPRINGS, PURSUANT TO A STATE PROCUREMENT CONTRACT, FOR THE PURCHASE OF FIVE (5) DODGE DURANGO AWD PURSUIT VEHICLES WITH EQUIPMENT UPFITS AND TWO (2) 2026 CHEVROLET SILVERADO PICKUPS WITH EQUIPMENT UPFITS, IN A TOTAL AMOUNT NOT TO EXCEED $394,601.21 FOR USE BY THE POLICE DEPARTMENT Mayor Flynn read the ordinance and explained this was approved in the 2025 Bond. Council Member Hughes asked Chief Graves why the numbers had changed slightly since the Work Session. Chief Graves said it was because of a computer clerical error on the upfit sheet from Superior Automotive. The original sheet didn't list all the communication equipment on two of the trucks. Council Member Wilms made a motion to approve, seconded by Council Member Isbell. ***Roll Call Vote: (Ayes: 6/Nays: 0) Passed: 6-0.***

RESOLUTION: AMENDING THE 2026 CITY BUDGET TO APPROPRIATE $120,000.00 IN DEVELOPMENT IMPACT FEE REVENUE RELATED TO PUBLIC SAFETY BUILDING ADDITIONS *Mayor Flynn read the resolution. He called Police Chief Graves forward to explain the resolution. Chief Graves said this was to use development impact fee revenue for Public Safety Building additions. A public sidewalk needs to be built to meet a requirement that wasn't met when the Police Department was built several years ago. A sidewalk will be built from the south side of the property along Forest Hills Blvd. all the way to the north side along the Streets Department and butting up against the VA property. Council Member Hughes made a motion to approve, seconded by Council Member Wilms.* ***Roll Call Vote: (Ayes: 6/Nays: 0) Passed: 6-0.***

Announcements

- Next City Council Work Session: 6:00 pm Monday, July 20, at Bella Vista District Court
- Next City Council Regular Meeting: 6:00 pm Monday, July 27, at Bella Vista District Court
- Planning Commission Work Session: 4:30 pm Thursday, July 2, at Bella Vista District Court
- Planning Commission Regular Meeting: 4:30 pm, or immediately following BZA, Monday, July 13, at Bella Vista District Court
- Board of Construction Appeals: 3:00 pm Tuesday, July 14, if necessary, at Fire Station #1 Conference Rm, 103 Town Center.

Adjournment

City Clerk Wanda Lepillez Krug	Mayor John D. Flynn

MEETING DATE	PREPARED BY	LEGISLATIVE TITLE
July 20, 2026	Wanda Krug, City Clerk	**ORDINANCE**: AMENDING SECTION 16-43 ACTIVE PERMIT MAXIMUM OF THE CODE OF ORDINANCES OF THE CITY OF BELLA VISTA TO INCREASE THE MAXIMUM NUMBER OF SHORT-TERM RENTAL PERMITS FROM 600 TO 687, AND FOR OTHER PURPOSES *Third Reading*

AGENDA ITEM # III.B

ORDINANCE: AMENDING SECTION 16-43 ACTIVE PERMIT MAXIMUM OF THE CODE OF ORDINANCES OF THE CITY OF BELLA VISTA TO INCREASE THE MAXIMUM NUMBER OF SHORT-TERM RENTAL PERMITS FROM 600 TO 687, AND FOR OTHER PURPOSES *Third Reading*

BACKGROUND

RECOMMENDATION

FISCAL IMPACT

ATTACHMENTS

1. RE-REVISED Ordinance STR Cap Increase
2. New STR_Total Estimate; 2026.04.14

ORDINANCE NO. ____________

CITY OF BELLA VISTA, ARKANSAS

AMENDING SECTION 16-43 *ACTIVE PERMIT MAXIMUM* OF THE CODE OF ORDINANCES OF THE CITY OF BELLA VISTA TO INCREASE THE MAXIMUM NUMBER OF SHORT-TERM RENTAL PERMITS FROM 600 TO 687, AND FOR OTHER PURPOSES

WHEREAS, the City Council adopted a permit cap on short-term rentals in the amount of 600 when approximately 15,000 total residential units existed in the City; and

WHEREAS, the total number of residential units now existing or being built in the City is approximately 17,192 based on the best available data; and

WHEREAS, to allow for the same ratio of short-term rentals to total residential units today requires increase in the maximum number of permits to 687;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BELLA VISTA, ARKANSAS:

SECTION 1: Section 16-43 *Active permit maximum*, of the Code of Ordinances of the City of Bella Vista is hereby amended so that, after amendment, the Section shall read as follows:

"**Sec. 16-43. - Active permit maximum.**

(a) The maximum number of active short-term rental permits shall not exceed 687. Said maximum number shall not include short-term rental permits for owner-occupied units, which shall not be subject to a maximum number of permits issued.

(b) Any application received pursuant to the provisions of this article after the city has issued 687 active short-term rental permits (not including owner-occupied short-term rental units) shall be denied. At such point as active permits expire, or are revoked, a number of permits equal to the number of permits which have expired or been revoked may be issued. At no point shall more than 687 short-term rental permits be active in the city (not including owner-occupied short-term rental units).

(c) The order in which short-term rental permits are granted shall be based on the order in which complete applications are submitted."

ADOPTED THIS ________ DAY OF __________________________, 2026.

APPROVED:

JOHN D. FLYNN
MAYOR

ATTEST:

WANDA KRUG
CITY CLERK

Requested by: Mayor

Total Residences:

POA Water	17,082
Centerton Residential	40
Wells or other (est.)	70
Total	17,192

17,192 x .04 = 687

MEETING DATE	PREPARED BY	LEGISLATIVE TITLE
July 20, 2026	Wanda Krug, City Clerk	**ORDINANCE**: REQUIRING ORIENTATION AND CONTINUING EDUCATION FOR ELECTED OFFICIALS OF THE CITY OF BELLA VISTA, ARKANSAS; ESTABLISHING MINIMUM TRAINING REQUIREMENTS; PROVIDING FOR REPORTING OF COMPLIANCE; AND FOR OTHER PURPOSES. *Second Reading*

AGENDA ITEM # III.C

ORDINANCE: REQUIRING ORIENTATION AND CONTINUING EDUCATION FOR ELECTED OFFICIALS OF THE CITY OF BELLA VISTA, ARKANSAS; ESTABLISHING MINIMUM TRAINING REQUIREMENTS; PROVIDING FOR REPORTING OF COMPLIANCE; AND FOR OTHER PURPOSES. *Second Reading*

BACKGROUND

RECOMMENDATION

FISCAL IMPACT

ATTACHMENTS

1. Ordinance Council Training

ORDINANCE NO. ______

CITY OF BELLA VISTA, ARKANSAS

REQUIRING ORIENTATION AND CONTINUING EDUCATION FOR ELECTED OFFICIALS OF THE CITY OF BELLA VISTA, ARKANSAS; ESTABLISHING MINIMUM TRAINING REQUIREMENTS; PROVIDING FOR REPORTING OF COMPLIANCE; AND FOR OTHER PURPOSES.

WHEREAS, the City Council finds that municipal government has become increasingly complex and that elected officials are routinely required to make decisions involving municipal finance, budgeting, land use, personnel administration, public safety, ethics, procurement, open meetings, public records, and other matters affecting the public welfare; and

WHEREAS, the City Council finds that orientation and continuing education will improve the effectiveness of municipal governance, promote compliance with state law, and enhance public confidence in municipal government;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BELLA VISTA, ARKANSAS:

SECTION 1. TITLE.

This Ordinance shall be known and may be cited as the "Elected Officials Orientation and Continuing Education Ordinance."

SECTION 2. APPLICABILITY.

This Ordinance shall apply to all elected officials of the City of Bella Vista, including:

(a) The Mayor;

(b) Members of the City Council; and

(c) Any other elected municipal officer now or hereafter authorized by law.

SECTION 3. INITIAL ORIENTATION REQUIRED.

(A) Every person elected to municipal office shall complete an orientation program prior to assuming office whenever practicable.

(B) If orientation cannot reasonably be completed prior to taking office due to scheduling, election timing, or other circumstances beyond the official's control, the orientation shall be completed within ninety (90) days after assuming office.

(C) The orientation shall consist of not less than eight (8) hours of instruction and shall include, at a minimum:

1. The Arkansas Freedom of Information Act;
2. Municipal ethics and conflicts of interest;
3. Roles and responsibilities of elected officials;
4. The mayor-council form of government;
5. Municipal finance, budgeting, and auditing;
6. Purchasing and contracting requirements;
7. Planning, zoning, and land-use authority;
8. Personnel and employment law issues affecting municipalities;
9. Parliamentary procedure and conduct of meetings; and
10. An overview of City operations, policies, ordinances, and strategic priorities.

(D) Orientation may be conducted by City staff, the Arkansas Municipal League, licensed attorneys, certified public accountants, qualified consultants, or other individuals approved by the Mayor or City Council.

SECTION 4. ANNUAL CONTINUING EDUCATION REQUIREMENT.

(A) Each elected official shall complete not less than six (6) hours of continuing education during each calendar year.

(B) Of the required six (6) hours, at least one (1) hour shall consist of training regarding the Arkansas Freedom of Information Act, including requirements concerning open public meetings, executive sessions, public records, records retention, electronic communications, and recent legal developments affecting municipal government.

(C) The annual FOIA training requirement may be satisfied through training provided by the Arkansas Municipal League, the Arkansas Attorney General's Office, licensed attorneys, accredited educational institutions, or other providers approved by the Mayor or City Council.

(D) The remaining continuing education hours may consist of training concerning:

1. Municipal law;
2. Ethics and conflicts of interest;
3. Public finance and budgeting;
4. Economic development;
5. Planning and zoning;
6. Public safety;
7. Infrastructure and public works;
8. Personnel management;
9. Risk management;
10. Leadership and governance; and
11. Other subjects reasonably related to municipal government.

(E) Training may be obtained through conferences, seminars, workshops, webinars, courses, or other educational programs sponsored by:

1. The Arkansas Municipal League;
2. State agencies;
3. Accredited educational institutions;
4. Professional organizations; or
5. Other providers approved by the Mayor.

(F) Completion of the annual FOIA training requirement shall be separately identified in the compliance report prepared by the City Clerk pursuant to Section 5 of this Ordinance.

SECTION 5. RECORDS AND CERTIFICATION.

(A) The City Clerk shall maintain records documenting completion of orientation and continuing education requirements.

(B) Each elected official shall provide certificates, attendance records, or other documentation reasonably demonstrating compliance.

(C) No later than January 31 of each year, the City Clerk shall provide a report to the City Council identifying compliance with the requirements of this Ordinance during the preceding calendar year.

SECTION 6. PUBLIC DISCLOSURE.

The annual compliance report shall be a public record and shall be made available on the City's website and in the office of the City Clerk.

SECTION 7. FUNDING.

Subject to budgetary appropriations, the City may pay registration fees, educational materials, travel expenses, lodging, and other reasonable costs associated with compliance with this Ordinance in accordance with applicable law and City policy.

SECTION 8. FAILURE TO COMPLY.

(A) The requirements established herein are mandatory duties of office.

(B) Nothing in this Ordinance shall be construed to prevent a duly elected official from assuming or holding office.

(C) Failure to comply shall be noted in the public compliance report maintained by the City Clerk.

SECTION 9. WAIVER.

The City Council may waive all or part of the requirements of this Ordinance upon a finding of good cause, including illness, military service, family emergency, or other circumstances beyond the official's control.

SECTION 10. SEVERABILITY.

If any portion of this Ordinance is declared invalid by a court of competent jurisdiction, such declaration shall not affect the remaining provisions.

SECTION 11. EFFECTIVE DATE.

This Ordinance shall take effect January 1 following its adoption.

ADOPTED THIS ________ DAY OF __________________________, 2026.

APPROVED:

____
JOHN D. FLYNN
MAYOR

ATTEST:

____
WANDA KRUG
CITY CLERK

MEETING DATE	PREPARED BY	LEGISLATIVE TITLE
July 20, 2026		**ORDINANCE:** AMENDING SECTIONS 16-41, 16-42, 16-43 AND 16-45 OF THE CITY CODE OF BELLA VISTA REGULATING SHORT-TERM RENTALS TO AUTHORIZE THE TRANSFER OF SHORT-TERM RENTAL PERMITS UPON THE SALE OF PROPERTY, TO AUTHORIZE PRORATED REFUNDS UPON THE VOLUNTARY SURRENDER OF UNUSED PERMITS, AND FOR OTHER PURPOSES

AGENDA ITEM # IV.D

ORDINANCE: AMENDING SECTIONS 16-41, 16-42, 16-43 AND 16-45 OF THE CITY CODE OF BELLA VISTA REGULATING SHORT-TERM RENTALS TO AUTHORIZE THE TRANSFER OF SHORT-TERM RENTAL PERMITS UPON THE SALE OF PROPERTY, TO AUTHORIZE PRORATED REFUNDS UPON THE VOLUNTARY SURRENDER OF UNUSED PERMITS, AND FOR OTHER PURPOSES

BACKGROUND

RECOMMENDATION

FISCAL IMPACT

ATTACHMENTS

1. Ordinance STR Permit Transfer

ORDINANCE NO. ______

CITY OF BELLA VISTA, ARKANSAS

AMENDING SECTIONS 16-41, 16-42, 16-43 AND 16-45 OF THE CITY CODE OF BELLA VISTA REGULATING SHORT-TERM RENTALS TO AUTHORIZE THE TRANSFER OF SHORT-TERM RENTAL PERMITS UPON THE SALE OF PROPERTY, TO AUTHORIZE PRORATED REFUNDS UPON THE VOLUNTARY SURRENDER OF UNUSED PERMITS, AND FOR OTHER PURPOSES

WHEREAS, the City Council has adopted regulations governing the permitting of short-term rentals within the City; and

WHEREAS, the City Council finds that allowing the transfer of an existing short-term rental permit upon the sale of the permitted property will preserve existing permitted inventory while reducing demand for new permits; and

WHEREAS, the City Council further finds that authorizing prorated refunds when permit holders voluntarily surrender permits they no longer intend to use will encourage the prompt return of unused permits and make additional permits available for issuance;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BELLA VISTA, ARKANSAS:

SECTION 1: City Code Section 16-41 is hereby amended so that, after amendment, the Section shall read as follows:

"Sec. 16-41. – Permit required.

A short-term rental shall not be operated except upon issuance of a permit by the city in accordance with the requirements of this article. Said permit shall be effective for a period of one year from the date of issuance.

A short-term rental permit may be transferred to a purchaser of the property upon which the permitted short-term rental is located, subject to the following conditions:

(1) The purchaser shall submit an application for transfer on a form approved by the mayor or the mayor's designee within thirty (30) days after acquiring title to the property.

(2) The purchaser shall satisfy all requirements applicable to the issuance of a short-term rental permit under this article.

(3) The property shall remain in compliance with all applicable provisions of this Code and any other applicable laws and regulations.

(4) The transfer shall be approved by the mayor or the mayor's designee.

(5) A transferred permit shall expire on the same date the permit would have expired had the property not been conveyed.

(6) A transferred permit shall be deemed a continuation of the existing permit and shall not be considered a newly issued permit for purposes of the maximum number of active permits established by this article."

SECTION 2: City Code Section 16-42 is hereby amended to add a Subsection (6), which shall read as follows:

"(6) An application for transfer of an existing short-term rental permit shall be accompanied by a transfer fee in an amount established by resolution of the city council. A transfer application shall not be subject to the initial application fee otherwise required by this section."

SECTION 3: City Code Section 16-43 is hereby amended to add a Subsection (d), which shall read as follows:

"(d) A transferred permit approved pursuant to Section 16-41 shall not be counted as a newly issued permit and shall not affect the availability of permits under the maximum established by this section."

SECTION 4: City Code Section 16-45 is hereby amended to add Subsections (d), (e), and (f), which shall read as follows:

"(d) A permit holder who permanently ceases operation of a short-term rental may voluntarily surrender the permit by providing written notice to the city. Upon receipt of such notice, the permit shall immediately terminate and become available for issuance pursuant to Section 16-43.

(e) A permit voluntarily surrendered pursuant to subsection (d) shall be eligible for a prorated refund of the annual permit fee based upon the number of full calendar months remaining in the permit term, provided that:

(1) the surrender is voluntary;

(2) no notice of violation or revocation proceeding has been initiated by the city prior to the surrender;

(3) the permit holder submits any form required by the city requesting the refund; and

(4) no refund shall be made for a partial calendar month.

(f) The voluntary surrender of a permit shall be irrevocable. Any person wishing to resume operation of a short-term rental after surrendering a permit shall submit a new application or obtain a transfer of an existing permit in accordance with this article."

ADOPTED THIS ________ DAY OF __________________________, 2026.

APPROVED:

JOHN D. FLYNN
MAYOR

ATTEST:

WANDA KRUG
CITY CLERK

Requested by Council Member Travis Harp

MEETING DATE	PREPARED BY	LEGISLATIVE TITLE
July 20, 2026		**RESOLUTION:** REFERRING TO THE PLANNING COMMISSION FOR PUBLIC HEARING AND RECOMMENDATION A ZONING CODE CHANGE REGARDING DENSITY OF SHORT-TERM RENTALS WITHIN RESIDENTIAL ZONES

AGENDA ITEM # IV.E

RESOLUTION: REFERRING TO THE PLANNING COMMISSION FOR PUBLIC HEARING AND RECOMMENDATION A ZONING CODE CHANGE REGARDING DENSITY OF SHORT-TERM RENTALS WITHIN RESIDENTIAL ZONES

BACKGROUND

RECOMMENDATION

FISCAL IMPACT

ATTACHMENTS

1. Resolution STR density PC referral

RESOLUTION NO. __________

CITY OF BELLA VISTA, ARKANSAS

REFERRING TO THE PLANNING COMMISSION FOR PUBLIC HEARING AND RECOMMENDATION A ZONING CODE CHANGE REGARDING DENSITY OF SHORT-TERM RENTALS WITHIN RESIDENTIAL ZONES

WHEREAS, the City Council has the authority to initiate a zoning code change by requesting the Planning Commission conduct a public hearing and make a recommendation to the Council; and

WHEREAS, the City Council desires to have a potential change to the zoning code referred to the Planning Commission for public hearing and recommendation regarding density of short-term rentals within residential zones;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BELLA VISTA, ARKANSAS:

SECTION 1: The City Council hereby refers to the Planning Commission, for public hearing and recommendation, a proposed amendment to the Zoning Code that would: (1) prohibit the establishment of a new short-term rental on any property located within 200 feet, as measured from property line to property line, of any property on which a short-term rental is lawfully operating in a residential zoning district; (2) grandfather all lawfully existing short-term rentals so that they are not subject to the new density requirement; and (3) exempt owner-occupied short-term rentals from the proposed density restrictions.

ADOPTED THIS ______ DAY OF ________________________, 2026.

APPROVED:

____
JOHN D. FLYNN
MAYOR

Attest:

____
CITY CLERK WANDA KRUG

Requested by Council Member Wendy Hughes

MEETING DATE	PREPARED BY	LEGISLATIVE TITLE
July 20, 2026		**RESOLUTION:** ACCEPTING THE FINANCIAL AUDIT REPORT PRESENTED BY FORVIS MAZARS, LLP FOR THE YEAR ENDING DECEMBER 31, 2025

AGENDA ITEM # IV.F

RESOLUTION: ACCEPTING THE FINANCIAL AUDIT REPORT PRESENTED BY FORVIS MAZARS, LLP FOR THE YEAR ENDING DECEMBER 31, 2025

BACKGROUND

This is the yearly audit. This is the second year of the GAAP Audit, i.e. it uses Generally Accepted Accounting Principals. Prior to 2024, the City audit was done using the regulatory method of accounting.

Note that the Audit will be emailed to Council and posted on the city website prior to the Monday work session. The auditors will present the audit to council at the City Council meeting next Monday.

RECOMMENDATION

Approve.

FISCAL IMPACT

ATTACHMENTS

1. Resolution Audit Acceptance 2025
2. 2025 Audit; City of Bella Vista FINAL

RESOLUTION NO. ___________

CITY OF BELLA VISTA, ARKANSAS

ACCEPTING THE FINANCIAL AUDIT REPORT PRESENTED BY FORVIS MAZARS, LLP FOR THE YEAR ENDING DECEMBER 31, 2025

WHEREAS, pursuant to Ark. Code Ann. § 10-4-418, the governing body of the City must review the annual audit report created by the Division of Legislative Audit or the City's independent auditor;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BELLA VISTA, ARKANSAS:

Section 1: The City Council of the City of Bella Vista, Arkansas has reviewed and accepts the audit report presented by Forvis Mazars, LLP, an independent auditor, for the year ending December 31, 2025.

ADOPTED THIS _______ DAY OF ________________________, 2026.

APPROVED:

____
JOHN D. FLYNN
MAYOR

ATTEST:

____
WANDA KRUG
CITY CLERK

Requested by: Mayor

City of Bella Vista, Arkansas

Independent Auditor’s Reports, Financial Statements, and Supplementary Information

December 31, 2025

Introductory Section

101 Town Center | P.O. Box 5655
Bella Vista, AR 72714
Ph. (479) 876-1255
www.bellavistaar.gov

July 15, 2026

To the citizens of the City of Bella Vista, Honorable Mayor, and members of the City Council:

The Annual Financial Report of the City of Bella Vista, Arkansas (the City) for the fiscal year ended December 31, 2025, is hereby submitted. State statutes require that all general-purpose local governments publish a complete set of audited financial statements annually.

This report is management's representation concerning the finances of the City of Bella Vista. Management assumes full responsibility for the completeness and reliability of the information presented. To ensure a reasonable basis for these representations, the City has established a comprehensive internal control framework designed to protect assets and compile reliable financial data in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, this framework provides reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. To the best of our knowledge, this report is complete and reliable in all material respects.

The City of Bella Vista's financial statements have been audited by Forvis Mazars, LLP, a firm of licensed independent certified public accountants. The independent auditor issued an unmodified ("clean") opinion on the City's financial statements for the year ended December 31, 2025. The auditor's report is located at the beginning of the financial section.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative overview and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Government

The City of Bella Vista was incorporated in 2007 and is located in the scenic Ozark Mountains of Northwest Arkansas. Transitioning from a private resort community to a city of the first-class, Bella Vista encompasses approximately 45 square miles. As of 2025, the City's population is estimated at approximately 34,518 residents, continuing a trend of steady growth within the Fayetteville-Springdale-Rogers Metropolitan Statistical Area (MSA).

The City operates under a Mayor-City Council form of government. The Mayor is elected at-large for a four-year term and serves as the chief executive officer. The City Council consists of six members elected at-large to four-year terms. The Council serves as the legislative body, responsible for passing ordinances and adopting the annual budget. The legal level of budgetary control is maintained at the fund level.

The City provides a full range of municipal services, including police and fire protection, emergency medical services, street maintenance, library services, and community development. While the Bella Vista Property Owners Association (POA) manages many recreational amenities, the City is responsible for the core public infrastructure and safety services.

Factors Affecting Financial Condition

Local Economy: Bella Vista benefits from its position as a premier residential destination in Northwest Arkansas. The local economy is bolstered by the proximity to major global employers such as Walmart, J.B. Hunt, and Tyson Foods. The City maintains a stable residential tax base, supplemented by growing sales tax receipts driven by residential development and regional economic health.

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Relevant Financial Policies: The City maintains its records for governmental activities on a modified accrual basis. The annual budget serves as the primary tool for financial planning and control. Per city policy, management monitors revenue trends monthly to ensure expenditures remain within authorized appropriations.

Long-term Financial Planning: In November 2025, residents approved a 1% sales tax extension to fund approximately $34.4 million in capital projects. This includes the construction of a new Fire Station #5 and completion of the Fire Department and Administration building, reflecting the City's commitment to proactive infrastructure planning to meet the needs of a growing population.

Awards and Acknowledgements

Acknowledgements: The preparation of this report would not have been possible without the dedicated efforts of the Finance Department and the cooperation of all city departments.

Respectfully submitted,

Kim Hall, CPA, PMP
Finance Director

Financial Section

Forvis Mazars, LLP
5115 W. JB Hunt Drive
Rogers, AR 72758
P 479.845.0270 | F 479.845.0840
forvismazars.us

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Bella Vista, Arkansas
Bella Vista, Arkansas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bella Vista, Arkansas (City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bella Vista, Arkansas, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 (*Government Auditing Standards*). 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 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 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.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 also have issued our report dated July 15, 2026 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 that testing, and not to provide an opinion on the effectiveness of the City's 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.

Forvis Mazars, LLP

Rogers, Arkansas
July 15, 2026

As management of the City of Bella Vista (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2025. The information contained in this management's discussion and analysis should be considered in conjunction with our letter of transmittal at the front of this report and the information contained in the Independent Auditor's Reports, Financial Statements, and Required Supplementary Information.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $85,687,067.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $14,847,322.
- The City's total bond-related debt decreased by $4,795,352 or 28% during 2025, which is discussed in the *Long-Term Debt* section of this document.
- The City had general revenues of $31,228,120, grants and contribution revenue of $258,324, charges for services of $6,791,610, and program expenses of $36,328,308 for the year ended December 31, 2025.
- The City's capital additions for the year were $3,282,053.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (*e.g.*, uncollected taxes and earned but unused vacation leave).

The government-wide financial statements are divided into two categories, governmental and business-type activities. The governmental activities of the City include General Government, Law Enforcement, Public Safety, Highways and Streets, and Recreation and Culture. The City does not report any business-type activities.

The government-wide financial statements can be found on pages 10–11 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the street fund, Series 2020 Sales and Use Tax Bond Fund, and the 2024 Improvement Fund, which are considered to be major funds. Data from the governmental funds are combined into a single aggregated presentation.

The City maintains one internal service fund, the Medical Claims Internal Service Fund, which is reported as a proprietary fund at the fund level. This fund is included in the government-wide financial statements as a governmental activity.

The basic governmental fund financial statements can be found on pages 12–15 of this report. The internal service fund financial statements can be found on pages 16–18 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19–38 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's schedule of modified approach for reporting infrastructure, budget to actual analysis for the general fund and street fund, as well as the progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 39–44 of this report.

Government-Wide Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $85,687,067 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (91%) is its investment in capital assets (*e.g.*, land, buildings, machinery, and equipment); less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending.

	Governmental Activities	
	2025	**2024**
Current and other assets	$ 23,560,176	$ 26,034,000
Capital assets	90,816,557	90,555,426
Total assets	114,376,733	116,589,426
Total deferred outflows of resources	4,295,908	5,708,014
Long-term liabilities	28,892,337	35,400,017
Other liabilities	2,243,107	2,238,276
Total liabilities	31,135,444	37,638,293
Total deferred inflows of resources	1,850,130	921,826
Net position		
Net investment in capital assets	77,987,505	75,386,229
Restricted	3,879,080	3,437,860
Unrestricted	3,820,482	4,913,232
Total net position	$ 85,687,067	$ 83,737,321

An additional portion of the City's net position (4.53%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* of $3,820,482 may be used to meet the City's ongoing obligations to citizens and creditors.

As a result of current year operations, total net position of the City increased by $1,949,746. Capital assets net of accumulated depreciation increased $261,131. The major capital asset events contributing to this increase are discussed in the *Capital Assets* section of this document. Restricted net position increased by $441,220 primarily due to unspent impact fee revenue, which is restricted by Arkansas law.

	Governmental Activities	
	2025	**2024**
Revenues		
Program revenues		
Charges for services	$ 6,791,610	$ 6,108,766
Operating grants and contributions	70,018	91,860
Capital grants and contributions	188,306	948,308
General revenues		
Property taxes	5,490,579	4,853,106
Sales taxes	19,220,904	17,989,341
Franchise taxes	2,278,219	2,151,231
Other local taxes	3,751,182	3,616,089
Interest on investments	487,236	315,522
Total revenues	38,278,054	36,074,223
Expenses		
General government	6,837,129	6,619,644
Law enforcement	9,063,662	8,562,823
Public safety	12,206,897	10,286,328
Highways and streets	6,690,155	4,636,803
Recreation and culture	983,286	927,197
Interest on long-term debt	547,179	471,939
Total expenses	36,328,308	31,504,734
Increase in net position	1,949,746	4,569,489
Net position, beginning of the year	83,737,321	79,167,832
Net position, end of the year	$ 85,687,067	$ 83,737,321

Governmental Activities

Governmental activities increased the City's net position by $1,949,746. The 2025 increase is less than in 2024 primarily due to an increase in pension expense for law enforcement and public safety personnel. Additionally, the City continues the expansion of the Fire Department and Administration building. The increase in general revenues is mainly attributable to the increases in sales tax and property tax revenue. The increase in charges for services is mainly attributable to the increase in local permits and fees.

Financial Analysis of the Government's Funds

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

General Fund

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $5,085,413, while total fund balances reached $11,761,816. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balances and total fund balances to total fund expenditures. Unassigned fund balances represent 19% of total general fund expenditures, while total fund balances represent 43% of that same amount.

In the prior year, the general fund had a net decrease in fund balance of $3,469,912 compared to a net decrease in fund balance in the current year of $1,606,755. The improvement in the net decrease in fund balance in the current year as compared to prior year is a result of an increase in revenues of $2,023,634 coupled with a decrease in expenditures of $367,801 and an increase in transfers out of $528,278 from the prior year.

Street Fund

The City's street fund had a total fund balance of $802,840, of which the entire balance is restricted to fund street capital and maintenance projects. The net increase in fund balance during the current year in the street fund was $218,484. The fund balance increase is primarily due to general fund transfers.

Series 2020 Sales and Use Tax Bond Fund

The City's Series 2020 Sales and Use Tax Bond fund had a total fund balance of $2,040,655, all of which is restricted for debt service. The net increase in fund balance during the current year in this fund was $182,874 and is primarily the result of increase in city sales tax revenue.

2024 Improvement Fund

The City's 2024 Improvement fund had a total fund balance of $174,886, all of which is restricted for and available to fund capital projects that meet the requirements of the 2024 Improvement Bonds. The net decrease in fund balance during the current year in this fund was $1,821,278 due to the capital outlay expenditures in 2025.

General Fund Budgetary Highlights

Original Budget as Compared to the Final Budget

During the 2025 fiscal year, the original budget expenditures of the general fund was amended primarily to increase budgeted expenditures for general government, public safety and recreation and culture and decrease budgeted expenditures for law enforcement. Budgeted revenues for the general fund were not amended in 2025.

Actual Results as Compared to the Final Budget

Variances between the actual revenues and expenditures and the general fund's final budget were favorable for both total revenues and total expenditures primarily due to favorable variance in sales tax and impact fee revenue as well as certain favorable budget expenditure variances.

Capital Asset and Debt Administration

Capital Assets

As of December 31, 2025, the City's investment in capital assets for its governmental activities was $90,816,557 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and streets.

Major capital asset events during the current fiscal year include the following:

- Capital expenditures of $450,646 were made for paving previously unpaved streets.
- Capital expenditures for additions and improvements to the Fire Department and Administration building were $1.1 million.
- Capital expenditures on vehicles and equipment citywide totaled $1.6 million due to additional equipment needs throughout the city.

Additional information regarding capital assets can be found on pages 30–31 of this report.

Long-Term Debt

The City had $12,117,521 in revenue bonds payable, including unamortized premiums, outstanding as of December 31, 2025, which is a decrease of $4,795,352 from the previous year. The decrease was due to the regularly scheduled debt service payments.

In November 2025, residents approved a 1% sales tax extension to fund approximately $34.4 million in new bonds. These new bonds pay off the current revenue bonds and fund various capital projects, including the construction of a new Fire Station #5 and completion of the Fire Department and Administration building.

Additional information regarding long-term debt can be found at pages 37–38 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the metropolitan area of Northwest Arkansas (of which Bella Vista is a part) is currently 3%. This compares favorably to the state average unemployment rate of 4.2% and national average unemployment rate of 4.2%.
- The City's population growth has averaged about 2.8% annually, and according to the most recent census, the population is 34,518. Impact fees and an additional one cent sales tax for capital improvements are in place to meet the financial demands caused by this population growth.
- The general fund adopted operating budget for 2026 was $25.2 million, which was a $1.2 million increase from the 2025 budget.
- The City-wide operating budget for 2026 was $29.8 million, which was a $1.2 million increase from the 2025 budget.

Contacting the City's Financial Management

The financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance; 101 Town Center, P.O. Box 5655, Bella Vista, Arkansas 72714.

City of Bella Vista, Arkansas
Statement of Net Position
December 31, 2025

	Primary Government
	Governmental Activities
Assets	
Cash and cash equivalents	
Unrestricted	$ 4,969,085
Restricted	3,904,073
Investments	4,802,099
Accounts receivable, net	9,503,872
Other assets	381,047
Capital and lease assets, net of accumulated depreciation/amortization	
Nondepreciable	32,865,919
Depreciable	57,950,638
Total Assets	114,376,733
Deferred Outflows of Resources	
Deferred outflows of resources – pensions	2,725,738
Deferred outflows of resources – pension contributions	1,570,170
Total Deferred Outflows of Resources	4,295,908
Liabilities	
Accounts payable	2,140,467
Accrued expenses	26,101
Accrued interest	76,539
Noncurrent liabilities	
Due within one year	1,491,926
Due in more than one year	12,185,932
Net pension liability	15,214,479
Total Liabilities	31,135,444
Deferred Inflows of Resources	
Deferred inflows of resources – pensions	1,850,130
Total Deferred Inflows of Resources	1,850,130
Net Position	
Net investment in capital assets	77,987,505
Restricted for	
Debt service	2,150,548
Street maintenance	802,840
Public safety	846,691
Other	79,001
Unrestricted	3,820,482
Total Net Position	$ 85,687,067

City of Bella Vista, Arkansas
Statement of Activities
Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position — Primary Government
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Governmental Activities					
General government	$ 6,837,129	$ 5,211,010	$ -	$ -	$ (1,626,119)
Law enforcement	9,063,662	220,695	-	-	(8,842,967)
Public safety	12,206,897	1,359,905	70,018	-	(10,776,974)
Highways and streets	6,690,155	-	-	188,306	(6,501,849)
Recreation and culture	983,286	-	-	-	(983,286)
Interest on long-term debt	547,179	-	-	-	(547,179)
Total Governmental Activities	36,328,308	6,791,610	70,018	188,306	(29,278,374)
Total Primary Government	$ 36,328,308	$ 6,791,610	$ 70,018	$ 188,306	$ (29,278,374)

General Revenues and Transfers	
Taxes	
Property taxes	$ 5,490,579
Sales taxes	19,220,904
Franchise taxes	2,278,219
Other local taxes	3,751,182
Interest on investments	487,236
Total General Revenues and Transfers	31,228,120
Change in Net Position	1,949,746
Net Position, Beginning of Year	83,737,321
Net Position, End of Year	$ 85,687,067

City of Bella Vista, Arkansas
Balance Sheet – Governmental Funds
December 31, 2025

	General Fund	Street Fund	Series 2020 Sales and Use Tax Bond Fund	2024 Improvement Fund	Nonmajor Governmental Funds	Total
Assets						
Cash and cash equivalents						
Unrestricted	$ 4,969,085	$ -	$ -	$ -	$ -	$ 4,969,085
Restricted	753,558	711,497	2,041,605	182,111	109,244	3,798,015
Investments	4,802,099	-	-	-	-	4,802,099
Accounts receivable, net	8,327,602	999,950	-	-	58,066	9,385,618
Due from other funds	21,655	78,390			-	100,045
Other assets	76,047	-	-	-	-	76,047
Total Assets	$ 18,950,046	$ 1,789,837	$ 2,041,605	$ 182,111	$ 167,310	$ 23,130,909
Liabilities						
Accounts payable	$ 1,680,777	$ 75,247	$ 950	$ 7,225	$ 100,185	$ 1,864,384
Accrued expenses	26,101	-	-	-	-	26,101
Due to other funds	78,390	38,008	-	-	-	116,398
Total Liabilities	1,785,268	113,255	950	7,225	100,185	2,006,883
Deferred Inflows of Resources						
Unavailable revenue – property taxes	5,402,962	873,742	-	-	-	6,276,704
Total Deferred Inflows of Resources	5,402,962	873,742	-	-	-	6,276,704
Fund Balances						
Restricted	513,861	802,840	2,040,655	174,886	67,125	3,599,367
Committed	5,821,375	-	-	-	-	5,821,375
Assigned	341,167	-	-	-	-	341,167
Unassigned	5,085,413	-	-	-	-	5,085,413
Total Fund Balances	11,761,816	802,840	2,040,655	174,886	67,125	14,847,322
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 18,950,046	$ 1,789,837	$ 2,041,605	$ 182,111	$ 167,310	$ 23,130,909

City of Bella Vista, Arkansas
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
December 31, 2025

Total fund balances – governmental funds		$ 14,847,322
Amounts reported for governmental activities in the statement of net position are different because:		
Capital and lease assets (net of accumulated depreciation/amortization) used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. Capital and lease assets are reported in the government-wide financial statements, net of accumulated depreciation/amortization.		90,816,557
Interest payable on long-term debt does not require current financial resources; therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(76,539)
Revenues earned but not available (collected within 60 days of year-end) are not recognized as revenue in the fund financial statements.		6,276,704
Deferred outflows of resources and deferred inflows of resources related to pensions represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements.		2,354,122
An internal service fund is used by management to charge the costs of employee health insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		326,454
Long-term liabilities, including bonds payable are not due and payable in the current period and, therefore, are not reported in the fund financial statements. Long-term liabilities at year-end consist of:		
Revenue bonds payable	(12,117,521)	
Lease obligation	(624,721)	
Compensated absences liability	(900,832)	
Net pension liability	(15,214,479)	(28,857,553)
Net position of governmental activities		$ 85,687,067

City of Bella Vista, Arkansas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended December 31, 2025

	General Fund	Street Fund	Series 2020 Sales and Use Tax Bond Fund	2024 Improvement Fund	Nonmajor Governmental Funds	Total
Revenues						
State awards	$ 70,018	$ -	$ -	$ -	$ -	$ 70,018
Federal awards	188,306	-	-	-	-	188,306
Property taxes	4,795,942	-	-	-	-	4,795,942
Franchise taxes	2,278,219	-	-	-	-	2,278,219
State turnbacks	447,288	2,540,769	-	-	-	2,988,057
County road turnbacks	-	763,125	-	-	-	763,125
Sales taxes	14,519,065	-	4,701,839	-	-	19,220,904
Fines, forfeitures, and costs	220,695	-	-	-		220,695
Interest	373,128	-	67,697	39,316	7,095	487,236
Local permits and fees	1,449,030	-	-	-	-	1,449,030
Sanitation fees	314,183	-	-	-	-	314,183
Ambulance fees	1,359,905	-	-	-	-	1,359,905
Other	1,128,251	-	-	-	-	1,128,251
Total Revenues	27,144,030	3,303,894	4,769,536	39,316	7,095	35,263,871
Expenditures						
Current						
General government	4,068,349	-	-	-	-	4,068,349
Law enforcement	7,221,289	-	-	-	67,821	7,289,110
Public safety	9,539,581	-	-	-	-	9,539,581
Highways and streets	-	4,064,581	-	-	-	4,064,581
Recreation and culture	930,894	-	-	-	-	930,894
Capital outlay	5,044,955	-	-	1,860,594	-	6,905,549
Debt service						
Principal	245,542	-	4,305,000	-	449,825	5,000,367
Interest	35,884	-	281,662	-	233,146	550,692
Total Expenditures	27,086,494	4,064,581	4,586,662	1,860,594	750,792	38,349,123
Excess (Deficiency) of Revenues Over Expenditures	57,536	(760,687)	182,874	(1,821,278)	(743,697)	(3,085,252)
Other Financing Sources (Uses)						
Transfers in	-	979,171	-	-	685,120	1,664,291
Transfers out	(1,664,291)	-	-	-	-	(1,664,291)
Total Other Financing Sources (Uses)	(1,664,291)	979,171	-	-	685,120	-
Net Change in Fund Balances	(1,606,755)	218,484	182,874	(1,821,278)	(58,577)	(3,085,252)
Fund Balances, Beginning of Year	13,368,571	584,356	1,857,781	1,996,164	125,702	17,932,574
Fund Balances, End of Year	$ 11,761,816	$ 802,840	$ 2,040,655	$ 174,886	$ 67,125	$ 14,847,322

Net change in fund balances – total governmental funds			$	(3,085,252)
Amounts reported for governmental activities in the statement of activities are different because:				
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount of capital outlay recorded in the current period.				6,905,549
Capital outlay items not capitalized				(3,623,496)
The net effect of various transactions involving capital assets (*i.e* ., disposals/sales and donations) is to increase net position.				(687,010)
Depreciation/amortization expense on capital and lease assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation/amortization expense is not reported as expenditures in the governmental funds.				(2,425,568)
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the government-wide statement of net position. Current year principal payments of long-term liabilities are shown as expenditures in the fund financial statements, but are shown as reductions in long-term liabilities in the government-wide financial statements as follows:				
Principal paid on notes and bonds	$	4,752,676		
Amortization of bond premium		42,676		4,795,352
Deferred inflows/outflows related to the net pension liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These amounts are amortized into pension expense in future periods. This is the amount by which the deferred inflows/outflows changed during the current year.				(2,340,410)
Current year changes in long-term liability for compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.				(51,714)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.				39,163
Long-term liabilities, including net pension liabilities, are not due and payable in the current period and, therefore, are not reported in the governmental funds.				1,518,500
An internal service fund is used by management to charge the costs of employee healthcare to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.				(70,331)
Certain revenues and expenses in the government-wide statement of activities that do not provide or require current financial resources are not reported as revenues in the governmental funds. This is the net change in these balances for the year.				974,963
Change in net position of governmental activities			$	1,949,746

City of Bella Vista, Arkansas
Statement of Net Position – Proprietary Funds
December 31, 2025

	Governmental Activities – Medical Claims Internal Service Fund
Assets	
Cash and cash equivalents	
Restricted	$ 106,058
Accounts receivable, net	118,254
Prepaid premiums	305,000
Due from other funds	38,008
Total Assets	567,320
Liabilities	
Accounts payable	219,211
Due to other funds	21,655
Total Liabilities	240,866
Net Position	
Unrestricted	326,454
Total Net Position	$ 326,454

City of Bella Vista, Arkansas
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended December 31, 2025

	Governmental Activities – Medical Claims Internal Service Fund
Operating Revenues	
Premiums	$ 2,100,553
Prescription income	197,539
Total Revenues	2,298,092
Operating Expenses	
Benefits payments	2,186,044
Administration	182,379
Total Expenses	2,368,423
Operating Loss	(70,331)
Decrease in Net Position	(70,331)
Net Position, Beginning of Year	396,785
Net Position, End of Year	$ 326,454

City of Bella Vista, Arkansas
Statement of Cash Flows – Proprietary Funds
Year Ended December 31, 2025

	Governmental Activities – Medical Claims Internal Service Fund
Cash Flows From Operating Activities	
Receipts from interfund charges for medical insurance coverage	$ 2,213,740
Receipts from other funds	107,303
Cash payments for benefit claims	(2,186,044)
Cash payments for administrative fees	(358,543)
Net Cash Used in Operating Activities	(223,544)
Cash and Cash Equivalents, Beginning of Year	329,602
Cash and Cash Equivalents, End of Year	$ 106,058
Reconciliation of Operating Income to Net Cash Provided From Operating Activities	
Operating loss	$ (70,331)
Changes in current assets and liabilities	
Accounts receivable, net	(84,352)
Due from other funds	107,303
Prepaid premiums	(305,000)
Accounts payable	107,181
Due to other funds	21,655
Net Cash Used in Operating Activities	$ (223,544)

Note 1. Nature of Operations and Summary of Significant Accounting Policies

The City of Bella Vista, Arkansas (City) was incorporated under the laws of the State of Arkansas and operates under an elected Mayor-Council form of government. Six elected council members and the mayor set policy of the City. The accounting and reporting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) for state and local governments as defined by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies of the City.

Reporting Entity

The government-wide and fund financial statements present the financial statements of the City.

The City's primary government consists of those funds or organization that make up the legal entity for which it is financially accountable, as defined in GAAP.

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements as follows:

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and statement of activities. Government-wide statements report information on all of the activities of the City, except for city fiduciary funds activity. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation. This elimination has taken place in the process of incorporating fund data into the government-wide financial statements and not in the process of consolidation. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly associated with a specific function or identifiable activity. Expenses that cannot be specifically identified to a particular function are charged to funds based on time spent for that function and are included in the functional categories. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or identifiable activity and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or identifiable activity.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each governmental and proprietary fund are presented. The emphasis of governmental fund financial statements is on major governmental funds, each displayed in a separate column. All other governmental funds are aggregated and reported as nonmajor funds.

The City reports the general fund, street fund, Series 2020 Sales and Use Tax Bond Fund, and 2024 Improvement Fund as its major governmental funds.

General Fund – The general fund is the City's primary operating fund and is used to account for and report all financial resources not accounted for and reported in another fund.

Street Fund – The street fund is a special revenue fund used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service. The street fund accounts for and reports the proceeds of state highway turnback that are restricted or committed for maintaining and constructing highways and streets.

Series 2020 Sales and Use Tax Bond Fund – The Series 2020 Sales and Use Tax Bond Fund accounts for financial resources that are restricted for capital projects and principal and interest-related costs as well as the financial resources being accumulated for future debt service.

2024 Improvement Fund – The 2024 Improvement Fund accounts for the resources accumulated from the Series 2024 revenue bonds of the City that are restricted for use in financing the costs of various capital improvement projects.

Nonmajor Funds – Nonmajor funds consist of all funds included in the financial statements except for the general fund, street fund, Series 2020 Sales and Use Tax Bond Fund, and 2024 Improvement Fund. The following types of funds are included in this column:

> **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 specific purposes other than debt service or capital projects.
>
> **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.

Other fund types include proprietary funds:

> Proprietary fund financial statements are similar to those often found in the private sector. The City's only proprietary fund is the Medical Claims Internal Service Fund used to account for the City's group medical insurance program.

Measurement Focus and Basis of Accounting

Government-Wide and Proprietary Funds

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

In proprietary funds, operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the principal ongoing operations of the fund. All revenues and expenses not meeting this definition are reported as nonoperating items.

Nonexchange transactions, in which the City receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes; city and county sales tax; grants, entitlements, and similar items; and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. City and county sales taxes, franchise taxes, licenses and permits, fines, and forfeitures are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Grants, entitlements, and donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as unearned revenues. Grants and similar aid to other organizations are recognized as expenses as soon as recipients have met all eligibility requirements. Amounts paid before all eligibility requirements have been met are reported as prepaid items.

Revenues are classified as program revenues and general revenues. Program revenues include 1) charges for services provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants, and contributions not restricted to specific programs, investment earnings, and donations of assets.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and deferred outflows of resources and liabilities and deferred inflows of resources are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of general long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The City considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, federal funds, local funds, and investment earnings. Other revenues are considered to be measurable and available only when cash is received by the City. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, and obligations for worker's compensation and other postemployment benefits, which are recognized later based on specific accounting rules applicable to each, generally when payment is due. Pension expenditures are recognized when amounts are due to a plan.

Use of Estimates

Management used estimates and assumptions in preparing these financial statements. Those estimates and assumptions affect the reported amounts of assets, deferred outflows and inflows of resources, 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.

Cash and 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.

Investments and Investment Income

Investments consist of certificates of deposit with original maturities greater than 90 days and governmental securities. The City records all investment income to funds with which the related investment asset is associated. Investment income includes interest income, dividend income, other investment income, realized and unrealized gains and losses on investments carried at fair value, and other investment income (see Note 3).

Accounts Receivable

The City has provided an allowance for doubtful accounts as of December 31, 2025. The allowance is based on management's estimate of the overall collectability of accounts receivable, considering historical losses and economic conditions. Based on these same factors, individual accounts are charged off against the allowance when management determines those individual accounts are uncollectible. Credit extended to customers is generally uncollateralized. Past-due status is based on contractual terms. Past-due accounts are not charged interest.

Property Taxes

Property taxes are levied each October 1 on the assessed value listed as of the preceding January 1 for all real and personal property located in the City. The property tax is considered due the first Monday in January (the lien date) after the levy; however, the tax is not considered delinquent until October 16 of that year. As a result, the majority of the tax is not collected within the time frame necessary to finance the liabilities of the current period. Property taxes are measurable when levied even though not available.

Accordingly, property tax receivables of approximately $7.2 million and related deferred inflows of resources of approximately $6.3 million have been recorded at December 31, 2025 in the governmental funds. Benton County is the collecting agent and remits collections to the City, net of a collection fee, on a monthly basis.

The appraised 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 a statutory rate of 20% to arrive at assessed value.

Prepaid Items

Prepaid items in governmental funds are accounted for under the consumption method.

Capital Assets

Capital assets, which include land, infrastructure – streets, construction in progress, buildings, machinery and equipment, vehicles, and infrastructure – other assets, are reported in the government-wide financial statements and the fund financial statements for proprietary funds. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset life is not capitalized.

Capital assets are defined as assets with an initial value or cost greater than or equal to $5,000 and an estimated useful life of greater than one year. Exceptions are for infrastructure assets, which are defined as having a constructed cost greater than $30,000.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

Buildings	40 years
Machinery and equipment	5 years
Vehicles	5–20 years
Infrastructure – other	15–40 years

The City uses the modified approach to report streets in the government-wide statement of net position. Streets are recorded at historical cost but not depreciated. Under the modified approach, the City reports annual expenses for maintaining city streets, including estimated costs for preservation at specified levels.

Lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method.

The City evaluates capital assets regularly for impairment. If circumstances suggest that assets may be impaired, an assessment of recoverability is performed prior to any write-down of assets. An impairment charge is recorded on those assets for which the estimated fair value is below its carrying amount.

Depreciation expense is charged directly to the department/function based on the department that utilizes the related asset/amortization.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has various items that qualify for reporting in this category.

Four items are related to pensions, including the amount of contributions made to the pension plans after the measurement date, the difference in expected versus actual plan experience, and differences due to change in proportions.

Deferred outflows related to contributions made after the measurement date will be used in the next year to reduce net pension liability. The remaining amounts will be amortized to pension expense over future periods as shown within Note 10.

In addition to liabilities, the statement of net position and balance sheet – governmental funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, 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 that time. The government has two items that qualify as deferred inflows of resources as of December 31, 2025. The items reported in the statements are unavailable revenues in the governmental funds balance sheet and deferred inflows – pensions in the government-wide statement of net position. Unavailable revenue arises under the modified accrual basis of accounting and qualifies for reporting in this category. Accordingly, this item is only reported in the governmental funds balance sheet. Governmental funds report unavailable revenue from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item, deferred inflows – pensions, consists of the net difference between projected and actual earnings on pension plan investments and changes in proportion and assumptions. Deferred inflows – pensions are amortized to pension expense over future periods as shown within Note 10.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums are generally deferred and amortized using the effective interest rate method. Long-term debt is reported net of the bond issue premiums. In the government-wide statements, debt issuance costs are reported as expense in the period incurred.

In the fund financial statements, governmental fund types recognize debt premiums, as well as debt issuance costs, during the current period. The face amount of the debt issued and premiums received are reported as other financing sources. Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee’s flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in governmental funds only if the liability has matured because of employee resignation or retirement. The liability for compensated absences includes salary-related benefits, where applicable. The City’s policy is that leave earned in the current year will be used prior to leave earned in previous years.

The City’s policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee’s current pay rate upon separation from employment.

The City’s policy permits employees to accumulate earned but unused sick leave. Upon termination of employment by retirement (both as defined by Social Security or other defined benefit retirement plan) or death, uniformed and nonuniformed employees are paid for accumulated sick leave at the rate of pay they are earning at termination or death. Sick pay is not paid for termination due to the employee's own volition or termination for cause.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Local Police and Fire Retirement System (Plan), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan.

Fund Balance – Governmental Funds

Fund balances are classified and displayed in the following classifications, as applicable:

Nonspendable – Nonspendable fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Restricted – Restricted fund balance represents 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.

Committed – Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).

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

Unassigned – Unassigned fund balance represents 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.

Fund balance classifications of the general fund, street fund, Series 2020 Sales and Use Tax Bond Fund, 2024 Improvement Fund, and nonmajor governmental funds are as follows:

	General Fund	Street Fund	Series 2020 Sales and Use Tax Bond Fund	2024 Improvement Fund	Nonmajor Governmental Funds	Total
Restricted						
Law enforcement	$ 338,839	$ -	$ -	$ -	$ -	$ 338,839
Recreation and culture	102,137	-	-	-	-	102,137
Public safety	39,895	-	-	-	-	39,895
Highways and streets	-	802,840	-	-	-	802,840
Debt service	-	-	2,040,655	-	67,125	2,107,780
Capital projects	32,990	-	-	174,886	-	207,876
Committed						
General government	5,821,375	-	-	-	-	5,821,375
Assigned						
Law enforcement	15,586	-	-	-	-	15,586
Recreation and culture	278,315	-	-	-	-	278,315
Public safety	47,266	-	-	-	-	47,266
Unassigned						
General government	5,085,413	-	-	-	-	5,085,413
Total fund balances	$ 11,761,816	$ 802,840	$ 2,040,655	$ 174,886	$ 67,125	$ 14,847,322

Restricted Assets and Fund Balances

Restricted assets are cash and investment reserves restricted by state acts and bond covenants. 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 City was in compliance with restricted asset requirements as of December 31, 2025. Fund balances are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first.

Advertising

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

Adoption of Accounting Principles

The City adopted GASB Statement No. 102, *Certain Risk Disclosures*, for the year ended December 31, 2025. The new accounting guidance requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due. The adoption of GASB 102 had no impact on the City's beginning of year net position or on the current year financial statements.

GASB Pronouncements Not Yet Effective

GASB has issued the following statements which the City has not yet adopted and which require adoption subsequent to December 31, 2025:

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this statement are effective for fiscal years beginning after June 15, 2025 and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025 and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 105, *Subsequent Events* – The objective of this statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in the application and better meeting the information needs of the financial statement users. The requirements of this statement are effective for fiscal years beginning after June 15, 2026 and all reporting periods thereafter. Earlier application is encouraged.

The effect of these statements on the City has not been determined but is not expected to have a significant impact on the City's overall net position.

Budgets and Budgetary Accounting

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

- 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.
- The proposed budget is discussed at a City Council meeting prior to adoption.
- Prior to February 1, the budget is legally enacted by ordinance or resolution of the City Council.
- Appropriations lapse at the end of each year.
- Under certain conditions, the budget may be amended subsequent to year-end.

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

Note 2. Deposits With Financial Institutions

Deposits with 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. The City classifies money market funds and certificates of deposit with original maturities of 90 days or less as "cash equivalents" for financial reporting purposes.

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.

The City maintains separate bank accounts in various banks. Deposits (cash and cash equivalents and certificates of deposit) at December 31, 2025 amounted to $13,817,588 (carrying value of $13,675,257), of which $1,000,000 was insured with the Federal Deposit Insurance Corporation (FDIC), and the remaining balance was collateralized by marketable securities held in the City's name. Cash and cash equivalents also include petty cash of $400.

Note 3. Investments

Arkansas statutes authorize the City to invest in direct obligations of the U.S. government; obligations on which the principal and interest are fully guaranteed, or are fully secured, insured, or covered by commitments or agreements to purchase by the U.S. government; obligations of agencies and instrumentalities created by act of the United States Congress and authorized thereby to issue securities or evidence of indebtedness, regardless of guarantee of repayment by the U.S. government; obligations of political subdivisions of the United States; certain obligations issued by the Arkansas State Board of Education; short-term warrants of political subdivisions of the State of Arkansas and municipalities; the sale of federal funds with a maturity of not more than one business day; demand, savings, or time deposits fully insured by a federal deposit insurance agency; repurchase agreements that are fully insured by obligations of the U.S. government, any U.S. state, or any political subdivision thereof; securities of, or other interest in, any open-end type investment company or investment trust registered under the *Investment Company Act of 1940*, and which is considered a money market fund, provided that the portfolio is limited principally to U.S. government obligations and the investment company or trust takes delivery of collateral either directly or through an authorized custodian; and bank certificates of deposit. Arkansas statutes also authorize the City to invest no more than 20% of its capital base in corporate debt obligations; revenue bond issues of any U.S. state, municipality, or political subdivision; industrial development bonds for corporate obligors issued through any U.S. state or political subdivision; securities or interest in an open-end or closed-end management type investment company or trust registered under the *Investment Company Act of 1940* with certain limitations; securities or interests issued, assumed, or guaranteed by certain international banks; and uninsured demand, savings, or time deposits or accounts of any depository institution chartered by the United States, any U.S. state, or the District of Columbia.

Investments consist of the following at December 31, 2025:

		Maturities in Years			
	Fair Value	**Less than 1 Year**	**1–5**	**6–10**	**More Than 10**
Certificates of deposit	$ 1,717,568	$ 241,685	$ 1,475,883	$ -	$ -
U.S. government bonds	1,396,521	-	1,396,521	-	-
U.S. treasury securities	1,688,010	1,688,010	-	-	-
Total investments	$ 4,802,099	$ 1,929,695	$ 2,872,404	$ -	$ -

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 generally are certificates of deposit, U.S. government bonds, and U.S. treasury securities with laddered maturities from one year or less up to five years.

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 investments. The City does not have a formal policy for custodial credit risk. As of December 31, 2025, all investments are registered in the name of the City or the City's trustee.

Concentration of Credit Risk – The City places no limit on the amount that may be invested in any one issuer.

Fair Value of Investments

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy consists of three input levels. Level 1 inputs are quoted prices in active markets, Level 2 inputs are significant other observable inputs other than quoted prices, and Level 3 inputs are unobservable inputs. The City's investments all fall in Level 2.

Note 4. Accounts Receivable

The accounts receivable balance is composed of the following at December 31, 2025:

	General Fund	Street Fund	Other Funds in the Aggregate	Total
Property taxes	$ 6,169,397	$ 999,950	$ -	$ 7,169,347
Franchise fees	227,542	-	-	227,542
Sales taxes	1,193,160	-	-	1,193,160
Sanitation fees	80,030	-	-	80,030
Ambulance fees, net of allowance for doubtful accounts of $273,259	215,432	-	-	215,432
Other	442,041	-	176,320	618,361
Total accounts receivable	$ 8,327,602	$ 999,950	$ 176,320	$ 9,503,872

Note 5. Federal and State Awards

The City receives federal and state awards. These programs are subject to audit by the federal and state governments or their representatives.

Note 6. Interfund Receivables, Payables, and Transfers

Due to/From Other Funds

The composition of interfund balances is as follows as of December 31, 2025:

	Interfund Receivables	Interfund Payables
General fund	$ 21,655	$ 78,390
Street fund	78,390	38,008
Internal service fund	38,008	21,655
Total	$ 138,053	$ 138,053

Interfund Transfers

Amounts of interfund transfers between funds are summarized as follows:

	Transfer in	Transfer Out	Total
General fund	$ -	$ 1,664,291	$ (1,664,291)
Street fund	979,171	-	979,171
Nonmajor funds	685,120	-	685,120
	$ 1,664,291	$ 1,664,291	$ -

Funds were transferred from the general fund to the street fund to supplement street improvements. Funds were transferred from the general fund to the nonmajor funds for debt service payments.

Note 7. Capital Assets

Capital assets are recorded at cost or, if donated, at acquisition value at the date of receipt. Depreciation policies were adopted to include useful lives and classification by function. Some infrastructure assets, such as streets, are reported at historical cost but not depreciated as the City elected to use the modified approach. A summary of changes in capital assets is as follows:

	Balance January 1, 2025	Additions	Retirements	Transfers	Balance December 31, 2025
Capital assets, not being depreciated					
Land	$ 2,256,728	$ -	$ -	$ -	$ 2,256,728
Infrastructure – streets	29,017,002	450,646	-	-	29,467,648
CIP	6,806,609	1,141,544	(561,697)	(6,244,913)	1,141,543
Total capital assets, not being depreciated	38,080,339	1,592,190	(561,697)	(6,244,913)	32,865,919
Capital assets, being depreciated/amortized					
Buildings	34,002,603	-	-	6,244,913	40,247,516
Machinery and equipment	5,481,594	387,628	(22,999)	-	5,846,223
Vehicles	11,723,922	1,233,007	(216,911)	-	12,740,018
Infrastructure – other	19,801,377	69,228	-	-	19,870,605
Intangible assets					
Lease assets – vehicle	1,255,085	-	-	-	1,255,085
Total capital assets, being depreciated/amortized	72,264,581	1,689,863	(239,910)	6,244,913	79,959,447
Less accumulated depreciation/amortization for					
Buildings	(2,383,994)	(804,950)	-	-	(3,188,944)
Machinery and equipment	(3,845,695)	(275,248)	22,999	-	(4,097,944)
Vehicles	(7,872,999)	(542,488)	183,254	-	(8,232,233)
Infrastructure – other	(5,310,281)	(551,865)	-	-	(5,862,146)
Intangible assets					
Lease assets – vehicle	(376,525)	(251,017)	-	-	(627,542)
Total accumulated depreciation/ amortization	(19,789,494)	(2,425,568)	206,253	-	(22,008,809)
Capital assets being depreciated/amortized, net	52,475,087	(735,705)	(33,657)	6,244,913	57,950,638
Total capital assets	$ 90,555,426	$ 856,485	$ (595,354)	$ -	$ 90,816,557

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

General government	$ 203,891
Law enforcement	850,641
Public safety	648,003
Highways and streets	696,137
Recreation and culture	26,896
	$ 2,425,568

Note 8. 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 the prior year.

The City 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.

The City's Medical Claims internal service fund is a self-insured plan to provide health insurance coverage to City employees and their dependents. The fund is accounted for as an internal service fund. Revenues are recognized over the period of risk. Expenses are recognized as they are incurred using the full-accrual basis of accounting.

As of December 31, 2025, the City had known unpaid claims totaling $159,000. These unpaid claims are based on actual claims paid in the new fiscal year 2026 by the third-party administrator. The City and the third-party administrator estimate amounts for outstanding claims. The fund has no deferred policy acquisition cost and, therefore, does not report, record, or amortize such costs.

Changes in the balance of claims liabilities are as follows for the year ended December 31, 2025:

	Governmental Activities – Internal Service Fund
Liability as of January 1, 2025	$ 110,000
Claims incurred	2,088,281
Claims payments	(2,039,281)
Liability as of December 31, 2025	$ 159,000

The City also 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 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.

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 officers 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 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.

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 $10,000 for class 1 rates, $7,500 for class 2 rates, and $5,000 for class 3 and 4 rates. The municipality agrees to pay into the program each year a service charge established annually by the program administrator for property for which the municipality desires coverage.

Municipal Vehicle Program

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 $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 a 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 that 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 the covered property.

Note 9. 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 the fund balances, where applicable, of the City.

Note 10. 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 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. The City participates in one defined benefit pension plan described and illustrated in detail below.

Local Police and Fire Retirement System (LOPFI)

Plan Description. The Arkansas Local Police and Fire Retirement System (LOPFI) is a statewide cost-sharing multiple-employer defined benefit pension plan administered by the LOPFI Board of Trustees. LOPFI provides retirement, disability, and survivor benefits to police and fire employees of political subdivisions of the State of Arkansas. LOPFI was created by Act 364 of the 1981 General Assembly. Employees hired after January 1, 1983, whose political subdivision had a retirement system in effect at July 1, 1981, are eligible to participate in the plan.

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.

Benefits Provided. LOPFI provides for a retirement benefit paid to the Member on a monthly basis. The monthly benefit is based on a formula provided by law for the Member's lifetime. The Member has several options in calculating the benefit, which is normally the result of these factors: age at retirement, retirement multiplier, amount of credit services (years and months), and final average pay (FAP). Each option available to the Member provides for a different calculation based on these factors.

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 contribution rates required by state law are:

- Paid service not covered by Social Security: 9.5% of gross pay
- Paid service also covered by Social Security: 3.5% of gross pay
- Volunteer fire service: no employee contribution

The City is required to contribute at actuarially determined rates. The plan may also be funded with state insurance tax. For 2025, the City's contribution to the plan was $2,169,127, and the amount of insurance tax paid by the state to the plan for the benefit of the City was $0 for the year ended December 31, 2025.

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

The City's proportionate share of the total collective net pension liability attributable to employees of the City was $15,214,479 at December 31, 2024 (the actuarial valuation date and measurement date).

At December 31, 2025, the City reported a liability of $15,214,479 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contributions to the plan during the measurement period to the total employer contributions to the plan of the group for the measurement period. At December 31, 2024, the City's proportion was 1.77655%, which was an increase of 0.10482% from the prior year.

For the year ended December 31, 2025, the City recognized pension expense of $2,687,803 related to this plan. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,048,504	$ -
Net difference between projected and actual earnings on pension plan investments	-	1,617,601
Changes in assumptions	-	193,110
Changes in proportion	677,234	39,419
Contributions subsequent to the measurement date	1,570,170	-
Total	$ 4,295,908	$ 1,850,130

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $1,570,170 will be recognized as a reduction of the net pension liability for the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the plan will be recognized in pension expense as follows:

2026	$ 1,019,532
2027	1,358,797
2028	(1,375,300)
2029	(127,421)
	$ 875,608

Actuarial Assumptions

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Price inflation	2.25%
Wage inflation	3.00%
Salary increases	3.50% to 18.00%, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

Mortality rates were based on the Pub-2010 Amount-Weighted General Below Median Income Healthy Retiree tables, set forward one year for males, and two years for females. The disability post-retirement mortality tables used were the Pub-2010 Amount-Weighted General Below Median Income Employee tables for males and females. Fifty percent of deaths-in-service were assumed to be duty-related. The tables were adjusted for fully generational mortality improvements using Scale MP-2020.

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period January 1, 2017 to December 31, 2020.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return. The rates were built on a target allocation for all pension funds; the target for an individual fund will vary within the guidelines of Arkansas law and regulation. The long-term expected rates of return are shown in the table below:

Long-Term Expected Real Rate of Return

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. stock – large cap	21.00%	5.05%
U.S. stock – small cap	21.00%	5.57%
International equity	9.00%	6.16%
Emerging markets	9.00%	7.79%
U.S. corporate bonds	25.00%	2.67%
Real estate	5.00%	4.62%
Private equity	10.00%	9.11%
Total	100.00%	

Discount Rate

In the December 31, 2024 actuarial valuation, a single discount rate of 7.25% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows, based on the assumptions made, found that the pension plan's net position was available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption		
	1% Decrease 6.25%	Current Single Rate Assumption 7.25%	1% Increase 8.25%
City's proportionate share of the net pension liability	$ 26,024,724	$ 15,214,479	$ 6,470,024

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued LOPFI financial report which is available on the LOPFI's website at www.lopfi-prb.com.

Note 11. Non-Uniformed Employees' Pension Plan

In June 2007, the City established a defined contribution plan for all non-uniformed and nonelected employees and has contracted with a private insurance carrier who maintains the accounts for the City. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The contribution plan requires the City to contribute an amount up to two times the employee contribution, up to 10% of the employee's base salary, provided the employee contributes up to 5% of their base salary. The City's contributions shall be invested ratably in the guaranteed benefit portion of the annuity contract unless the employee chooses not to participate. Interest earned is credited to each employee's account. Eligibility to enter the plan commences immediately upon employment, and employees who leave employment receive all benefits deposited in their account.

Note 12. Commitments

The City's commitments at December 31, 2025 consist of the following:

Lease Obligations

The City entered into a lease agreement on March 13, 2023 for the use of a fire truck. The lease terms are semi-annual payments of $140,163 through March 13, 2028. The lease liability as of January 1, 2025 was $905,047 for the right-of-use asset. Principal payments on the lease totaled $280,326 resulting in a lease liability of $624,721 at year-end.

Future minimum payments required under the above lease are as follows:

	Principal	Interest	Total
2026	$ 255,762	$ 24,564	$ 280,326
2027	266,408	13,918	280,326
2028	102,551	2,828	105,379
	$ 624,721	$ 41,310	$ 666,031

Construction Contracts

The City was contractually obligated for the following construction contracts at December 31, 2025:

Other projects	
Fire Station #1 Remodel	$ 2,655,851
Total construction commitments	$ 2,655,851

Note 13. Long-Term Liabilities

Long-term liabilities are comprised of the following at December 31, 2025:

	Balance January 1, 2025	Increases	Decreases	Balance December 31, 2025	Due Within One Year
Bonds payable					
Revenue bonds-direct placement	$ 16,027,352	$ -	$ 4,752,676	$ 11,274,676	$ 1,236,164
Add unamortized premium	885,521	-	42,676	842,845	-
Bonds payable, net	16,912,873	-	4,795,352	12,117,521	1,236,164
Lease obligation	905,047	-	280,326	624,721	255,762
Net pension liability	16,732,979	-	1,518,500	15,214,479	-
Compensated absences*	849,118	51,714	-	900,832	-
	$ 35,400,017	$ 51,714	$ 6,594,178	$ 28,857,553	$ 1,491,926

*Compensated absences increases and decreases are shown net.

Series 2020 Sales and Use Tax Bonds

In September 2020, the City issued $23,230,000 Sales and Use Tax Bonds (Series 2020) at interest rates between 1.125% and 4.000% to finance development of Fire Station #3, a new fire complex, that will be used for training purposes and to house fire equipment and apparatus and any necessary land acquisition, furnishings and equipment, and parking, lighting, road and utility improvements related to the Fire Station #3 and also to construct a new public safety facility to house the police department, a police and fire dispatch center, and a courtroom and any necessary furnishings and equipment and parking, lighting, and utility improvements related to the public safety facility. The special obligations bonds of the City mature in October 2036 with principal payments due in October and interest payments due in April and October of each year. Bond costs associated with the offering were $256,940. In 2025, the City made the required principal payment of $740,000 plus an additional payment of $3,565,000 to reduce its total debt service payments over the remaining life of the bonds. The City has made additional payments such that the maturity date is expected to be on or before October 2034.

Series 2024 Improvement Revenue Bond

On November 12, 2024, the City issued the $5,407,352 Capital Improvement Revenue Bond at a 4.13% interest rate to finance all or a portion of the costs of facility improvements for Fire Station #1 and city administration and any furnishings, equipment, and parking, lighting, road, and utility improvements related thereto and paying necessary expenses incidental thereto and to the authorization and issuance of the bond. The special obligation bond of the City matures in December 2034 with principal payments due in December and interest payments due June and December of each year.

Future principal maturities and interest payments for the City's bonds payable is as follows:

	Principal	Interest	Total
2026	$ 1,236,164	$ 544,131	$ 1,780,295
2027	1,285,417	495,278	1,780,695
2028	1,335,465	444,430	1,779,895
2029	1,381,340	391,555	1,772,895
2030	1,428,078	399,873	1,827,951
2031-2034	4,608,212	824,362	5,432,574
Total	$ 11,274,676	$ 3,099,629	$ 14,374,305

The following is a summary of pledged revenues for the City for the year ended December 31, 2025:

Debt	Revenue Pledged	Total Pledged Revenue	Portion of Pledged Revenue Stream	Percentage Portion of Pledged Revenue Stream	Remaining Principal	Period Revenue Will Not Be Available for Other Purposes
Series 2020 Sales and Use Tax Bonds	Sales Taxes	$ 4,701,839	$ 4,701,839	100%	$ 6,315,000	Until 2034
Series 2024 Capital Improvement Revenue Bond	Franchise Taxes	2,278,219	2,278,219	100%	4,959,676	Until 2034

Note 14. Benton County Solid Waste District

Benton County and the cities of Benton County, including Bella Vista, entered an interlocal agreement pursuant to Arkansas Code Ann. § 8 – 6 – 723 creating the Benton County Solid Waste District (BCSWD). The BCSWD was established to dispose of the City's and County's solid waste adequately, reliably, and economically. Payments totaling $30,104 were made to BCSWD during the year ended December 31, 2025.

Note 15. Subsequent Events

Subsequent to December 31, 2025, the City issued Sales and Use Tax Capital Improvement and Refunding Bonds, Series 2026A and Series 2026B in the total principal amount of $25,195,000. Proceeds of the Series 2026A Bonds were used to refund the City's outstanding Series 2020 and Series 2024 bonds through defeasance, while proceeds of the Series 2026B Bonds will be used to finance various fire, police, street, and city administration capital improvement projects.

Required Supplementary Information

Road Resurfacing

The City has approximately 470 miles of hard surface roads. Assessments have been done every year for the last 10 years.

The City's policy is to maintain roads at a minimum rating of 2.0 or above based on the measurement scale below. The City prioritizes roads with a rating of 1.

The assessment schedule excludes dirt, gravel, and unimproved roads.

The City rates roads based on the criteria below:

1 – Poor Condition

- Structural pavement integrity failing and cracking
- Subgrade integrity failing
- Street edge failing with fraying or flaked off edges
- Street surface has depressions and/or significant high spots
- Street pavement lacks elasticity and is dry and flaking

2 – Fair Condition

- Structural pavement integrity intact, such as minimal reflective cracking and alligator cracking
- Subgrade integrity intact with no minimal failures
- Street edge reasonably intact with minimal fraying or flaked off edges
- Street surface reasonably smooth with minimal depressions or high spots
- Street pavement still reasonably conforming to some elasticity and not dry and flaking

3 – City Standard

- Structural pavement integrity intact
- Subgrade integrity intact
- Street edge intact
- Street surface reasonably smooth
- Street pavement conforming

Comparison of estimated to actual maintenance costs for the year ended December 31, 2024:

Estimated $5,716,888

Actual $1,910,280

Comparison of estimated to actual maintenance costs for the year ended December 31, 2025:

Estimated $5,278,688

Actual $1,800,000

This schedule presents information for fewer than five years because the previous years' information is not readily available. Additional years will be included as they become available until a full five-year trend is presented.

City of Bella Vista, Arkansas
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Year Ended December 31, 2025
(Unaudited)

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State awards	$ -	$ -	$ 70,018	$ 70,018
Federal awards	-	-	188,306	188,306
Property taxes	4,400,000	4,400,000	4,795,942	395,942
Franchise taxes	2,175,000	2,175,000	2,278,219	103,219
State turnbacks	436,000	436,000	447,288	11,288
Sales taxes	13,512,000	13,512,000	14,519,065	1,007,065
Fines, forfeitures, and costs	160,000	160,000	220,695	60,695
Interest	240,000	240,000	373,128	133,128
Local permits and fees	786,500	786,496	1,449,030	662,534
Sanitation fees	294,000	294,000	314,183	20,183
Ambulance fees	1,250,000	1,250,004	1,359,905	109,901
Other income	32,000	32,000	1,128,251	1,096,251
Total Revenues	23,285,500	23,285,500	27,144,030	3,858,530
Expenditures				
General government	4,240,379	4,285,034	4,068,349	216,685
Law enforcement	7,609,995	7,493,026	7,221,289	271,737
Public safety	9,369,517	9,539,581	9,539,581	-
Recreation and culture	919,423	946,037	930,894	15,143
Capital outlay	5,198,979	5,198,979	5,044,955	154,024
Debt service	682,786	682,786	281,426	401,360
Total Expenditures	28,021,079	28,145,443	27,086,494	1,058,949
Excess (Deficiency) of Revenues Over Expenditures	(4,735,579)	(4,859,943)	57,536	4,917,479
Other Financing Uses				
Transfers out	(1,218,000)	(1,900,786)	(1,664,291)	236,495
Net Change in Fund Balance	(5,953,579)	(6,760,729)	(1,606,755)	5,153,974
Fund Balance, Beginning of Year	13,368,571	13,368,571	13,368,571	-
Fund Balance, End of the Year	$ 7,414,992	$ 6,607,842	$ 11,761,816	$ 5,153,974

City of Bella Vista, Arkansas
Required Supplementary Information
Street Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Year Ended December 31, 2025
(Unaudited)

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
State turnbacks	$ 2,500,000	$ 2,500,000	$ 2,540,769	$ 40,769
County road turnbacks	761,000	761,000	763,125	2,125
Total Revenues	3,261,000	3,261,000	3,303,894	42,894
Expenditures				
Highways and streets	4,478,799	4,478,799	4,064,581	414,218
Total Expenditures	4,478,799	4,478,799	4,064,581	414,218
Excess (Deficiency) of Revenues Over Expenditures	(1,217,799)	(1,217,799)	(760,687)	457,112
Other Financing Sources				
Transfers in	1,218,000	1,218,000	979,171	(238,829)
Net Change in Fund Balance	201	201	218,484	218,283
Fund Balance, Beginning of Year	584,356	584,356	584,356	-
Fund Balance, End of the Year	$ 584,557	$ 584,557	$ 802,840	$ 218,283

City of Bella Vista, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of the City's Proportionate Share of the Net Pension Liability
Arkansas Local Police and Fire Retirement System
December 31, 2025
(Unaudited)

City Fiscal Year Ended December 31,	**2025**	**2024**	**2023**	**2022**
City's proportion of the net pension liability	1.77655%	1.67173%	1.65553%	1.64790%
City's proportionate share of the net pension liability	$ 15,214,479	$ 16,732,979	$ 17,675,941	$ 8,327,082
City's covered payroll	$ 8,884,875	$ 8,059,817	$ 6,961,585	$ 6,174,996
City's proportionate share of the net pension liability as a percentage of its covered payroll	171.24%	207.61%	253.91%	134.85%
Plan fiduciary net position as a percentage of the total pension liability	78.89%	73.50%	69.20%	84.75%

Note: Information in this schedule has been determined as of the measurement date (December 31 of the year prior to the most recent fiscal year-end) of the City's net pension liability. This schedule presents information for fewer than 10 years because the previous years' information is not readily available. Additional years will be included as they become available until a full 10-year trend is presented.

City of Bella Vista, Arkansas
Required Supplementary Information
Defined Benefit Pension Plan
Schedule of City Contributions – Arkansas Local Police and Fire Retirement System
December 31, 2025
(Unaudited)

City Fiscal Year Ended December 31,	2025	2024	2023	2022
Contractually required contributions	$ 2,169,127	$ 1,844,820	$ 1,605,463	$ 1,500,838
Contributions in relation to the contractually required contribution	(2,169,127)	(1,844,820)	(1,605,463)	(1,500,838)
Contribution deficiency (excess)	-	-	-	-
City's covered payroll	$ 8,884,875	$ 8,059,817	$ 6,961,585	$ 6,174,996
Contributions as a percentage of covered payroll	24.41%	22.89%	23.06%	24.31%

Note: This schedule presents information for fewer than 10 years because the previous years' information is not readily available. Additional years will be included as they become available until a full 10-year trend is presented.

Pensions

LOPFI

Economic Assumptions

Investment Rate of Return	7.25%
Price Inflation	2.25%
Pay Increase Assumptions	Ranges from 3.50 to 18.00%
Wage inflation	3.00%
Total Number of Active Members	Assumed to continue at the present number.

Budget and Budgetary Accounting

The City Council (Council) adheres to the following procedures in establishing the budgets reflected in the general purpose financial statements:

1. Prior to December 1, the Mayor and Finance Director submit to the 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. Public hearings are conducted at the courtroom in the Public Safety Complex to obtain taxpayer comments.

3. Prior to February 1, the budget is legally enacted through approval by the Council.

4. Budgets for the general and street funds are adopted on a basis consistent, in all material respects, with accounting principles generally accepted in the United States of America (GAAP).

Budgeted revenues and expenditures represented the formal operating budget adopted by the Council, as amended by the Council during the year. The legal level of budgetary control is maintained at the fund level for all funds. Management control is maintained at the department level. Budgeted amounts, other than ongoing capital projects not spent by year-end, lapse. Expenditures greater than budgeted amounts must be approved by the Council by voting to amend the budget.

Other Required Reports

Forvis Mazars, LLP
5115 W. JB Hunt Drive
Rogers, AR 72758
P 479.845.0270 | F 479.845.0840
forvismazars.us

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

Honorable Mayor and Members of the City Council
City of Bella Vista, Arkansas
Bella Vista, Arkansas

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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bella Vista, Arkansas (City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 15, 2026.

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, 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 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.

Forvis Mazars, LLP

Rogers, Arkansas
July 15, 2026

MEETING DATE	PREPARED BY	LEGISLATIVE TITLE
July 20, 2026		**RESOLUTION:** AUTHORIZING THE MAYOR AND CITY CLERK TO ENTER INTO AN AMENDMENT TO THE SOLID WASTE CONTRACT WITH ALLIED SERVICES, LLC DBA REPUBLIC SERVICES OF BELLA VISTA TO PROVIDE A THREE-YEAR EXTENSION TO THE CURRENT AGREEMENT AND TO PROVIDE AN OPPORTUNITY FOR CURBSIDE RECYCLING IN THE CITY

AGENDA ITEM # IV.G

RESOLUTION: AUTHORIZING THE MAYOR AND CITY CLERK TO ENTER INTO AN AMENDMENT TO THE SOLID WASTE CONTRACT WITH ALLIED SERVICES, LLC DBA REPUBLIC SERVICES OF BELLA VISTA TO PROVIDE A THREE-YEAR EXTENSION TO THE CURRENT AGREEMENT AND TO PROVIDE AN OPPORTUNITY FOR CURBSIDE RECYCLING IN THE CITY

BACKGROUND

RECOMMENDATION

FISCAL IMPACT

ATTACHMENTS

1. Resolution Republic Amendment (2)

RESOLUTION NO. __________

CITY OF BELLA VISTA, ARKANSAS

AUTHORIZING THE MAYOR AND CITY CLERK TO ENTER INTO AN AMENDMENT TO THE SOLID WASTE CONTRACT WITH ALLIED SERVICES, LLC DBA REPUBLIC SERVICES OF BELLA VISTA TO PROVIDE A THREE-YEAR EXTENSION TO THE CURRENT AGREEMENT AND TO PROVIDE AN OPPORTUNITY FOR CURBSIDE RECYCLING IN THE CITY

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BELLA VISTA, ARKANSAS:

SECTION 1: The City Council of the City of Bella Vista, Arkansas hereby authorizes the Mayor and City Clerk to enter into an amendment to the solid waste contract with Allied Services, LLC dba Republic Services of Bella Vista to provide for a three year extension to the current agreement and to provide an opportunity for curbside recycling in the City.

ADOPTED THIS ______ DAY OF ________________________, 2026.

APPROVED:

____
Mayor John D. Flynn

Attest:

____
City Clerk Wanda Krug

Requested by Mayor