

City of Clarksville, Arkansas

**Regulatory Basis Financial Statements
and Other Reports**

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF CLARKSVILLE, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Independent Auditor's Report
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*
Management Letter

REGULATORY BASIS FINANCIAL STATEMENTS

	<u>Exhibit</u>
Balance Sheet – Regulatory Basis	A
Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis	B
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Street Funds – Regulatory Basis	C
Notes to Financial Statements	

SUPPLEMENTARY INFORMATION

	<u>Schedule</u>
Combining Balance Sheet – Other Funds in the Aggregate – Regulatory Basis	1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Funds in the Aggregate – Regulatory Basis	2
Notes to Schedules 1 and 2	

OTHER INFORMATION

Schedule of Capital Assets (Unaudited)	3
Schedule of Selected Information for the Last Five Years – General Fund - Regulatory Basis (Unaudited)	4-1
Schedule of Selected Information for the Last Five Years – Street Fund - Regulatory Basis (Unaudited)	4-2
Schedule of Selected Information for the Last Five Years – Other Funds in the Aggregate – Regulatory Basis (Unaudited)	4-3

Arkansas

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



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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the regulatory basis financial statements of the City of Clarksville, Arkansas (City), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, street fund, and other funds in the aggregate as of December 31, 2023, the related Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis, and the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of Clarksville, Arkansas as of December 31, 2023; the regulatory basis revenues, expenditures, and changes in fund balance; and the budgetary comparisons for the general fund and street fund for the year then ended, in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying regulatory basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the general fund, street fund, and other funds in the aggregate of the City of Clarksville, Arkansas, as of December 31, 2023, or the revenues, expenditures, and changes in fund balance and, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

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

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

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

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink, appearing to read "Kevin White" with a stylized flourish at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
May 6, 2025
LOM102023

Arkansas

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



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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of City of Clarksville, Arkansas (City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated May 6, 2025. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

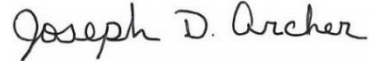
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

We also reported to management of the City in a separate letter dated May 6, 2025.

Purpose of This Report

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

ARKANSAS LEGISLATIVE AUDIT



Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
May 6, 2025

Arkansas



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

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

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

MANAGEMENT LETTER

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

The commentary contained in this letter relates to the following officials who held office during 2023:

Mayor: David Rieder
Clerk/Treasurer: Barbara Blackard
Police Chief: Jeff Ross

No issues came to our attention that we considered necessary to report to management.

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

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Joseph D. Archer".

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
May 6, 2025

CITY OF CLARKSVILLE, ARKANSAS
BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2023

Exhibit A

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
ASSETS			
Cash and cash equivalents	\$ 15,612,990	\$ 615,307	\$ 5,989,206
Accounts receivable	592,890	17,622	264,088
Interfund receivables	1,941		63,937
	<u>16,207,821</u>	<u>632,929</u>	<u>6,317,231</u>
TOTAL ASSETS			
	<u>\$ 16,207,821</u>	<u>\$ 632,929</u>	<u>\$ 6,317,231</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 178,931	\$ 4,587	\$ 551,384
Interfund payables			65,878
Settlements pending			3,607
Total Liabilities	<u>178,931</u>	<u>4,587</u>	<u>620,869</u>
Fund Balances:			
Restricted		628,342	5,696,362
Assigned	8,636,157		
Unassigned	7,392,733		
Total Fund Balances	<u>16,028,890</u>	<u>628,342</u>	<u>5,696,362</u>
	<u>\$ 16,207,821</u>	<u>\$ 632,929</u>	<u>\$ 6,317,231</u>
TOTAL LIABILITIES AND FUND BALANCES			

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

CITY OF CLARKSVILLE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit B

	General	Street	Other Funds in the Aggregate
REVENUES			
State aid	\$ 156,531	\$ 791,349	\$ 155,623
Federal aid	5,005		12,300
Property taxes	327,041	222,159	
Franchise fees	1,005,727		
Sales taxes	4,685,956		3,142,805
Fines, forfeitures, and costs	226,406		37,446
Interest	430,036	10,256	366,105
Local permits and fees	129,123		
Advertising and promotion taxes	411,767		45,123
Airport hangar fees and fuel sales	135,559		
Park fees, rentals, and sales	290,095		
Other	316,086	20,385	513
TOTAL REVENUES	8,119,332	1,044,149	3,759,915
EXPENDITURES			
Current:			
General government	1,386,767		2,546
Law enforcement	2,538,824		431,363
Highways and streets	1,229,972	877,535	
Public safety	404,623		1,180,136
Sanitation	73,553		
Recreation and culture	1,212,523		4,006,675
Advertising and promotion			50,169
Airport	139,093		
Total Current	6,985,355	877,535	5,670,889
Debt Service:			
Bond principal			2,210,000
Bond interest and other charges			216,369
TOTAL EXPENDITURES	6,985,355	877,535	8,097,258

CITY OF CLARKSVILLE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 1,133,977</u>	<u>\$ 166,614</u>	<u>\$ (4,337,343)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			600,000
Transfers out	(600,000)		
Contribution from water department	<u>232,531</u>		
TOTAL OTHER FINANCING SOURCES (USES)	<u>(367,469)</u>		<u>600,000</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	766,508	166,614	(3,737,343)
FUND BALANCES - JANUARY 1	<u>15,262,382</u>	<u>461,728</u>	<u>9,433,705</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 16,028,890</u></u>	<u><u>\$ 628,342</u></u>	<u><u>\$ 5,696,362</u></u>

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

CITY OF CLARKSVILLE, ARKANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 145,000	\$ 156,531	\$ 11,531	\$ 801,400	\$ 791,349	\$ (10,051)
Federal aid		5,005	5,005			
Property taxes	295,610	327,041	31,431	175,000	222,159	47,159
Franchise fees	971,682	1,005,727	34,045			
Sales taxes	4,677,231	4,685,956	8,725			
Fines, forfeitures, and costs	210,000	226,406	16,406			
Interest	62,660	430,036	367,376	2,500	10,256	7,756
Local permits and fees	56,800	129,123	72,323			
Advertising and promotion taxes	382,725	411,767	29,042			
Airport hangar fees and fuel sales	131,325	135,559	4,234			
Park fees, rentals, and sales	360,484	290,095	(70,389)			
Other	123,768	316,086	192,318	1,000	20,385	19,385
TOTAL REVENUES	7,417,285	8,119,332	702,047	979,900	1,044,149	64,249
EXPENDITURES						
Current:						
General government	1,191,239	1,386,767	(195,528)			
Law enforcement	2,918,753	2,538,824	379,929			
Highways and streets	4,155,000	1,229,972	2,925,028	969,540	877,535	92,005
Public safety	425,981	404,623	21,358			
Sanitation	75,304	73,553	1,751			
Recreation and culture	1,461,757	1,212,523	249,234			
Airport	383,625	139,093	244,532			
TOTAL EXPENDITURES	10,611,659	6,985,355	3,626,304	969,540	877,535	92,005

CITY OF CLARKSVILLE, ARKANSAS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - GENERAL AND STREET FUNDS - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (3,194,374)</u>	<u>\$ 1,133,977</u>	<u>\$ 4,328,351</u>	<u>\$ 10,360</u>	<u>\$ 166,614</u>	<u>\$ 156,254</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	352,500		(352,500)			
Transfers out		(600,000)	(600,000)			
Contribution from water department		232,531	232,531			
TOTAL OTHER FINANCING SOURCES (USES)	<u>352,500</u>	<u>(367,469)</u>	<u>(719,969)</u>			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,841,874)	766,508	3,608,382	10,360	166,614	156,254
FUND BALANCES - JANUARY 1	<u>8,203,886</u>	<u>15,262,382</u>	<u>7,058,496</u>	<u>1,877,467</u>	<u>461,728</u>	<u>(1,415,739)</u>
FUND BALANCES - DECEMBER 31	<u>\$ 5,362,012</u>	<u>\$ 16,028,890</u>	<u>\$ 10,666,878</u>	<u>\$ 1,887,827</u>	<u>\$ 628,342</u>	<u>\$ (1,259,485)</u>

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

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

B. Basis of Presentation – Regulatory

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

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

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

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

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

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

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

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

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

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

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

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting - Regulatory

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

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

D. Assets, Liabilities, and Fund Balances

Cash and Cash Equivalents

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

Settlements Pending

Settlements pending are considered fines, forfeitures, and costs that have not been transferred to the appropriate entities.

Fund Balance Classifications

1. Restricted fund balance - amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
2. Assigned fund balance - amounts that are constrained by the City Council's intent to be used for specific purposes, but are neither restricted nor committed.
3. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

E. Property Taxes

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

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Budget Law

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

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

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

Basis of Accounting

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

G. Fund Balance Classification Policies and Procedures

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

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

There were no committed fund balances at year-end.

NOTE 2: Cash Deposits with Financial Institutions

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 950,000	\$ 950,000
Collateralized:		
Collateral held by the pledging financial institution's trust department or agent in the City's name	16,842,883	17,660,815
Uninsured and uncollateralized	4,423,305	4,423,305
Total Deposits	\$ 22,216,188	\$ 23,034,120

The above total deposits do not include cash on hand of \$1,315.

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2: Cash Deposits with Financial Institutions (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy addressing custodial credit risk. As of December 31, 2023, the City had \$4,423,305 of uninsured, uncollateralized bank deposits that were exposed to custodial credit risk. The balances exposed to custodial credit risk were deposited in money market accounts consisting of Federated Treasury Obligations, which are not insured or collateralized.

NOTE 3: Legal or Contractual Provisions for Deposits and Investments

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

NOTE 4: Accounts Receivable

The accounts receivable balance at December 31, 2023, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Property taxes	\$ 25,846	\$ 17,622	
Franchise fees	82,985		
Sales taxes	385,399		\$ 255,748
Fines, forfeitures, and costs	20,780		2,456
Interest	26,660		
Local permits and fees	445		
Advertising and promotion taxes	29,738		5,884
Airport hangar fees and fuel sales	238		
Park fees, rentals, and sales	369		
Contributions from water department	17,010		
Other	3,420		
Totals	\$ 592,890	\$ 17,622	\$ 264,088

NOTE 5: Accounts Payable

The accounts payable balance at December 31, 2023, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	\$ 178,931	\$ 4,587	\$ 551,384

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6: Interfund Balances

Individual fund interfund receivable and payable balances are as follows:

	December 31, 2023	
	Interfund Receivables	Interfund Payables
General Fund	\$ 1,941	
Other Funds in the Aggregate:		
Special Revenue Funds:		
Advertising and Promotion		\$ 1,941
Aquatic Maintenance	31,969	
Police Maintenance	15,984	
Fire Maintenance	15,984	
Debt Service Funds:		
2021 Sales and Use Tax Capital Improvement and Refunding Bonds - Debt Service		63,937
Totals	\$ 65,878	\$ 65,878

Interfund receivables and payables consist of sales tax revenues that are transferred between funds. The sales tax was transferred in January 2024.

NOTE 7: Details of Fund Balance Classifications

Fund balance classifications at December 31, 2023, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
Law enforcement			\$ 537,991
Highways and streets		\$ 628,342	
Public safety			420,415
Recreation and culture			604,600
Advertising and promotion			66,031
Capital outlay			3,404,417
Debt service			662,908
Total Restricted		628,342	5,696,362
Assigned to:			
General government	\$ 1,324,491		
Law enforcement	9,046		
Highways and streets	7,025,922		
Recreation and culture	207,721		
Airport	68,977		
Total Assigned	8,636,157		
Unassigned	7,392,733		
Totals	\$ 16,028,890	\$ 628,342	\$ 5,696,362

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2023, the legal debt limit for the bonded debt was \$31,433,595. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2023, the legal debt limit for short-term financing obligations was \$8,115,813. There were no short-term financing obligations.

NOTE 9: Commitments

Total commitments consist of the following at December 31, 2023:

	December 31, 2023
Long-term liabilities	\$ 9,105,146
Construction contract	3,395,295
Total Commitments	\$ 12,500,441

Long-term liabilities

Long-term liabilities at December 31, 2023, are comprised of the following:

	December 31, 2023
<u>Bonds</u>	
Sales and Use Tax Capital Improvement and Refunding Bonds, Series 2021, dated October 19, 2021, in the amount of \$12,715,000, due in annual installments of \$935,000 - \$1,565,000 plus interest through November 1, 2029; interest from 1% - 3%. Payments are to be made from the 2021 Sales and Use Tax Capital Improvement and Refunding Bonds Debt Service Fund.	\$ 8,415,000
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	690,146
Total Long-term liabilities	\$ 9,105,146

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

The City's outstanding bonds payable of \$8,415,000 contain a provision that in an event of default, the Trustee may, and upon written request of the owners of not less than 10% in principal amount of the bonds then outstanding shall, by proper suit compel the performance of the duties of the officials of the City and officials of the State to take any action or obtain any proper relief in law or equity available under the Constitution and laws of the State.

Post Employment Benefits Other Than Pensions

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

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9: Commitments (Continued)

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2023	Maturities to December 31, 2023
<u>Bonds</u>					
10/19/21	11/1/29	1 - 3%	\$ 12,715,000	\$ 8,415,000	\$ 4,300,000

Changes in Long-Term Debt

	Balance January 01, 2023	Issued	Retired	Balance December 31, 2023
Bonds payable	\$ 10,625,000	\$ 0	\$ 2,210,000	\$ 8,415,000

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2023:

Years Ending December 31,	Bonds		
	Principal	Interest	Total
2024	\$ 2,235,000	\$ 165,563	\$ 2,400,563
2025	1,235,000	119,094	1,354,094
2026	1,270,000	82,044	1,352,044
2027	1,315,000	43,944	1,358,944
2028	1,325,000	30,794	1,355,794
2029	1,035,000	14,231	1,049,231
Totals	\$ 8,415,000	\$ 455,670	\$ 8,870,670

Construction Contract

The City was contractually obligated for the following construction contract at December 31, 2023:

Project Name	Completed Date	Contract Balance December 31, 2023
Marvin Vinson Building Addition	September 28, 2024	\$ 3,395,295

NOTE 10: Interfund Transfers

The General Fund transferred \$600,000 to the Fire Maintenance Fund (Other Funds in the Aggregate) to supplement operations.

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 11: Pledged Revenues

The City pledged future .75% temporary sales and use taxes and .25% permanent sales and use tax revenues to repay \$12,715,000 in Series 2021 bonds that were issued in 2021 to refund the City's Sales and Use Tax Capital Improvement Bonds, Series 2011 and 2012, respectively, and provide funding for various improvement projects. Collection of these taxes commenced on April 1, 2012. Total principal and interest remaining on the Series 2021 bonds are \$8,415,000 and \$455,670, respectively, payable through November 1, 2029. For 2023, principal and interest paid were \$2,210,000 and \$212,719, respectively.

The Debt Service Fund received \$2,357,104 in sales taxes in 2023. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used for redemption of Series 2021 Bonds, payments of any arbitrage rebates, and payments to Trustee and Paying Agent fees and expenses. Permanent sales taxes collected shall be used to make debt service payments if the temporary tax collections are unable to meet debt service obligations. However, any permanent taxes not needed for debt service obligations shall be allocated and used as follows:

- 50% for operation of the Aquatic Center and other park facilities
- 25% for operation and maintenance expenses associated with Police Department Operations
- 25% for operation and maintenance expenses associated with Fire Department Operations

Permanent sales taxes collected totaled \$785,701 in 2023.

NOTE 12: Related Party Transactions

During 2023, the City received franchise fees from Clarksville Connected Utilities (formerly Clarksville Light & Water) in the amount of \$872,154 and contributions in the amount of \$232,531.

NOTE 13: Jointly Governed Organizations

Fifth Judicial District Drug Task Force

The Prosecuting Attorney of the Fifth Judicial District, the Sheriffs' Departments of Franklin, Johnson, and Pope Counties, and the Police Departments of Clarksville, Ozark, and Russellville entered into an agreement to establish the Fifth Judicial District Drug Task Force (Task Force). Funding was provided through a Drug Law Enforcement Program grant applied for by the Prosecuting Attorney of the Fifth Judicial District. Financial statements of the Task Force are not available. The City did not contribute any funding to the Task Force during 2023.

West River Valley Solid Waste Management District

Conway, Crawford, Franklin, Johnson, Logan, Perry, Pope, Scott, and Yell Counties, and the Cities of Alma, Atkins, Booneville, Charleston, Clarksville, Dardanelle, Morrilton, Ozark, Paris, Russellville, Waldron, and Van Buren entered into an agreement in 1991 to form the West River Valley Solid Waste Management District in accordance with Ark. Code Ann. § 8-6-708. The City did not provide any funding to the District. Separate financial statements may be obtained at 24087 Highway 164, Clarksville, AR 72830.

NOTE 14: Risk Management

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

The City purchased commercial insurance for coverage of property and equipment. Coverage is based on the cost of the replacement of equipment less the \$10,000 deductible.

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

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

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 14: Risk Management (Continued)

Municipal Vehicle Program

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

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

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

**NOTE 15: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan)**

Plan Description

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

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

**NOTE 15: Local Police and Fire Retirement System (LOPFI)
(A Defined Benefit Pension Plan) (Continued)**

Funding Policy

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

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

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$253,366 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$98,865 for the year ended December 31, 2023.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2023, (actuarial valuation date and measurement date) was \$2,301,725.

NOTE 16: Arkansas Public Employees Retirement System

Plan Description

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

Funding Policy

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Beginning July 1, 2022, the contribution rates shall be increased in increments of .25% per fiscal year, not to exceed 7%. The contributory rate was increased to 5.5% as of July 1, 2023. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system, based on the annual actuarial valuation. The City's contribution to the plan for the year ended June 30, 2023, (date of APERS Employer Allocation Report) was \$209,156.

Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2023, (actuarial valuation date and measurement date) was \$1,795,054.

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 17: Mayor's Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-123 establishes retirement benefits for mayors in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive an annual retirement benefit during the remainder of their natural life, payable at the rate of one-half (1/2) of the salary payable to the mayor at the completion of his or her last term as mayor. Retirement benefits are to be paid monthly from the City's General Fund. A mayor may retire: 1.) upon reaching the age of 60 with a minimum of ten years of service or 2.) upon serving 20 years, regardless of age. The City paid surviving spouse of former Mayor Marvin Vinson \$5,402, for the year ended December 31, 2023.

NOTE 18: Clerk/Treasurer Retirement Benefits

Plan Description

Ark. Code Ann. § 24-12-121 establishes retirement benefits for clerk/treasurers in cities of the first class and death benefits to their spouses at the option of the governing body of the City. Benefits and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. A retiree is entitled to receive a monthly retirement benefit during the remainder of their natural life, a sum equal to one-half (1/2) of the monthly salary received during the last preceding year of service. Retirement benefits are to be paid from the City's General Fund. A clerk/treasurer may retire: 1.) upon reaching the age of 60 with a minimum of 10 years of service or 2.) upon serving 20 years, regardless of age. The City paid former Clerk/Treasurer Metta Holman \$14,922, for the year ended December 31, 2023.

NOTE 19: Interlocal Agreement

911 Communication System

The County entered into an interlocal agreement dated March 17, 2021, with the Cities of Clarksville, Coal Hill, and Lamar. The purpose of this agreement is to establish a permanent and perpetual relationship in order to provide all persons, businesses, and residences in Johnson County, Arkansas, the services of an enhanced 911 emergency telephone system. The Johnson County Sheriff's office will act as 911 administrator under the supervision and control of the Johnson County Judge. An election was held and the people approved the measure to implement the enhanced 911 emergency telephone system and to provide the necessary service charge. The County will initially pay all expenses incurred for operation and management of the program. The County and the cities will participate in a cost sharing agreement as follows: City of Clarksville, 60%; Johnson County, 35%; and 5% split between the Cities of Coal Hill and Lamar. The cost sharing will equitably allocate the expenses for the 911 Emergency Dispatch.

NOTE 20: Subsequent Events

On June 19, 2024, the city paid \$307,098 to purchase the old shoe factory (Munro building) for future industrial development (Red Wing Shoe Company).

On July 8, 2024, the city received notice of award of a \$1,500,000 Community Development Block Grant (CDBG) for renovations to the Munro building to be used by Red Wing Shoe Company.

On July 30, 2024, a guaranteed maximum price amendment to the Marvin Vinson Addition contract for new HVAC, re-roof and walking track resurface in the amount of \$893,976 was executed.

On August 6, 2024, a guaranteed maximum price contract was executed to renovate the Munro Building to prepare the building to be used by Red Wing Shoe company in the amount of \$1,668,870.

On April 9, 2025, a guaranteed maximum price contract was executed for the Clarksville Baseball Field Complex project in the amount of \$6,816,958.

CITY OF CLARKSVILLE, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

Schedule 1

	SPECIAL REVENUE FUNDS							
	Advertising and Promotion	Criminal Justice	District Court Automation	Fire Equipment and Training (Act 833)	Jail	Aquatic Maintenance	Police Maintenance	Fire Maintenance
ASSETS								
Cash and cash equivalents	\$ 62,088	\$ 93,080	\$ 47,504	\$ 69,651	\$ 105	\$ 573,264	\$ 381,701	\$ 334,901
Accounts receivable	5,884	341	596		1,519			
Interfund receivables						31,969	15,984	15,984
TOTAL ASSETS	\$ 67,972	\$ 93,421	\$ 48,100	\$ 69,651	\$ 1,624	\$ 605,233	\$ 397,685	\$ 350,885
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable			\$ 928			\$ 633	\$ 1,911	\$ 121
Interfund payables	\$ 1,941							
Settlements pending								
Total Liabilities	1,941		928			633	1,911	121
Fund Balances:								
Restricted	66,031	\$ 93,421	47,172	\$ 69,651	\$ 1,624	604,600	395,774	350,764
TOTAL LIABILITIES AND FUND BALANCES	\$ 67,972	\$ 93,421	\$ 48,100	\$ 69,651	\$ 1,624	\$ 605,233	\$ 397,685	\$ 350,885

CITY OF CLARKSVILLE, ARKANSAS
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 DECEMBER 31, 2023

Schedule 1

	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	CUSTODIAL FUNDS			Totals
	2021 Sales and Use Tax Capital Improvement and Refunding Bonds - Capital Projects	2021 Sales and Use Tax Capital Improvement and Refunding Bonds - Debt Service	Police Bond and Fine	Administration of Justice	Tax and Loan	
ASSETS						
Cash and cash equivalents	\$ 3,952,208	\$ 471,097	\$ 1,673	\$ 1,746	\$ 188	\$ 5,989,206
Accounts receivable		255,748				264,088
Interfund receivables						63,937
TOTAL ASSETS	\$ 3,952,208	\$ 726,845	\$ 1,673	\$ 1,746	\$ 188	\$ 6,317,231
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 547,791					\$ 551,384
Interfund payables		\$ 63,937				65,878
Settlements pending			\$ 1,673	\$ 1,746	\$ 188	3,607
Total Liabilities	547,791	63,937	1,673	1,746	188	620,869
Fund Balances:						
Restricted	3,404,417	662,908				5,696,362
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,952,208	\$ 726,845	\$ 1,673	\$ 1,746	\$ 188	\$ 6,317,231

CITY OF CLARKSVILLE, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 2

	SPECIAL REVENUE FUNDS								
	Advertising and Promotion	Criminal Justice	District Court Automation	Fire Equipment and Training (Act 833)	Jail	Aquatic Maintenance	Police Maintenance	Fire Maintenance	American Rescue Plan Act
REVENUES									
State aid				\$ 55,623			\$ 100,000		
Federal aid							12,300		
Sales taxes						\$ 392,851	196,425	\$ 196,425	
Fines, forfeitures, and costs		\$ 4,094	\$ 13,502		\$ 19,850				
Interest	\$ 1,292	1,822	1,182	993	58	11,068	9,637	16,713	\$ 154
Advertising and promotion taxes	45,123								
Other							513		
TOTAL REVENUES	46,415	5,916	14,684	56,616	19,908	403,919	318,875	213,138	154
EXPENDITURES									
Current:									
General government									2,546
Law enforcement			42,939		19,315		369,109		
Public safety				21,508				1,158,628	
Recreation and culture						401,590			
Advertising and promotion	50,169								
Total Current	50,169		42,939	21,508	19,315	401,590	369,109	1,158,628	2,546
Debt Service:									
Bond principal									
Bond interest and other charges									
TOTAL EXPENDITURES	50,169		42,939	21,508	19,315	401,590	369,109	1,158,628	2,546
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,754)	5,916	(28,255)	35,108	593	2,329	(50,234)	(945,490)	(2,392)
OTHER FINANCING SOURCES (USES)									
Transfers in								600,000	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(3,754)	5,916	(28,255)	35,108	593	2,329	(50,234)	(345,490)	(2,392)
FUND BALANCES - JANUARY 1	69,785	87,505	75,427	34,543	1,031	602,271	446,008	696,254	2,392
FUND BALANCES - DECEMBER 31	\$ 66,031	\$ 93,421	\$ 47,172	\$ 69,651	\$ 1,624	\$ 604,600	\$ 395,774	\$ 350,764	\$ 0

CITY OF CLARKSVILLE, ARKANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE -
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2023

Schedule 2

	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	
	2021 Sales and Use Tax Capital Improvement and Refunding Bonds - Capital Projects	2021 Sales and Use Tax Capital Improvement and Refunding Bonds - Debt Service	Totals
REVENUES			
State aid			\$ 155,623
Federal aid			12,300
Sales taxes		\$ 2,357,104	3,142,805
Fines, forfeitures, and costs			37,446
Interest	\$ 279,378	43,808	366,105
Advertising and promotion taxes			45,123
Other			513
	<u>279,378</u>	<u>2,400,912</u>	<u>3,759,915</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government			2,546
Law enforcement			431,363
Public safety			1,180,136
Recreation and culture	3,605,085		4,006,675
Advertising and promotion			50,169
Total Current	<u>3,605,085</u>		<u>5,670,889</u>
Debt Service:			
Bond principal		2,210,000	2,210,000
Bond interest and other charges		216,369	216,369
		<u>2,426,369</u>	<u>8,097,258</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,325,707)</u>	<u>(25,457)</u>	<u>(4,337,343)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in			<u>600,000</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(3,325,707)	(25,457)	(3,737,343)
FUND BALANCES - JANUARY 1	<u>6,730,124</u>	<u>688,365</u>	<u>9,433,705</u>
FUND BALANCES - DECEMBER 31	<u>\$ 3,404,417</u>	<u>\$ 662,908</u>	<u>\$ 5,696,362</u>

CITY OF CLARKSVILLE, ARKANSAS
 NOTES TO SCHEDULES 1 AND 2
 DECEMBER 31, 2023

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

<u>Fund Name</u>	<u>Fund Description</u>
Advertising and Promotion	Ark. Code Ann. § 26-75-606 established fund to account for the tax levied on gross receipts of hotels, restaurants, etc. The tax shall be used for the advertising and promoting of the city and its environs; construction, maintenance, and operation of a convention center, operation of tourist promotion facilities, and payment of principal and interest in connection with bonds issued. Clarksville Ordinance no. 15-736 (January 12, 2015) established fund to accumulate an additional 1% tax upon the gross receipts of hotels and motels in the city.
Criminal Justice	Ark. Code Ann. § 16-10-308 established fund to receive court costs to be used for housing prisoners.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for court-related technology.
Fire Equipment and Training (Act 833)	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.
Jail	Ark. Code Ann. § 16-17-129 established fund to receive \$20 additional fee from each defendant who pleads guilty, nolo contendere, is found guilty of or forfeits bonds for any misdemeanor or traffic violation to be used for expenses of incarcerating city prisoners.
Aquatic Maintenance	Created by bond indenture to account for monies used to pay maintenance and operation expenses of the Aquatic Center.
Police Maintenance	Created by bond indenture to account for monies used to pay maintenance and operation expenses of the Police Department.
Fire Maintenance	Created by bond indenture to account for monies used to pay maintenance and operation expenses of the Fire Department.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLRF), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
2021 Sales and Use Tax Capital Improvement and Refunding Bonds - Capital Projects	Created by the bond indenture to account for proceeds from Sales and Use Tax Capital Improvement and Refunding Bonds, Series 2021, issued October 19, 2021. Bond proceeds will be used to finance all or a portion of the costs of various park and recreation facilities and improvements within the City.

CITY OF CLARKSVILLE, ARKANSAS
NOTES TO SCHEDULES 1 AND 2
DECEMBER 31, 2023

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

<u>Fund Name</u>	<u>Fund Description</u>
2021 Sales and Use Tax Capital Improvement and Refunding Bonds - Debt Service	Created by the bond indenture to account for monies used to pay principal and interest payments on Sales and Use Tax Capital Improvement and Refunding Bonds, Series 2021, issued October 19, 2021, and to redeem outstanding Sales and Use Tax Capital Improvement Bonds, Series 2011 and Series 2012.
Police Bond and Fine	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the police department.
Administration of Justice	Ark. Code Ann. § 16-10-308 established fund to receive the city's share of uniform court costs and filing fees levied by state law to be used to defray a part of the expenses of the administration of justice in the city.
Tax and Loan	Established to remit payroll taxes to the U.S. Treasury.

CITY OF CLARKSVILLE, ARKANSAS
OTHER INFORMATION
SCHEDULE OF CAPITAL ASSETS
DECEMBER 31, 2023
(Unaudited)

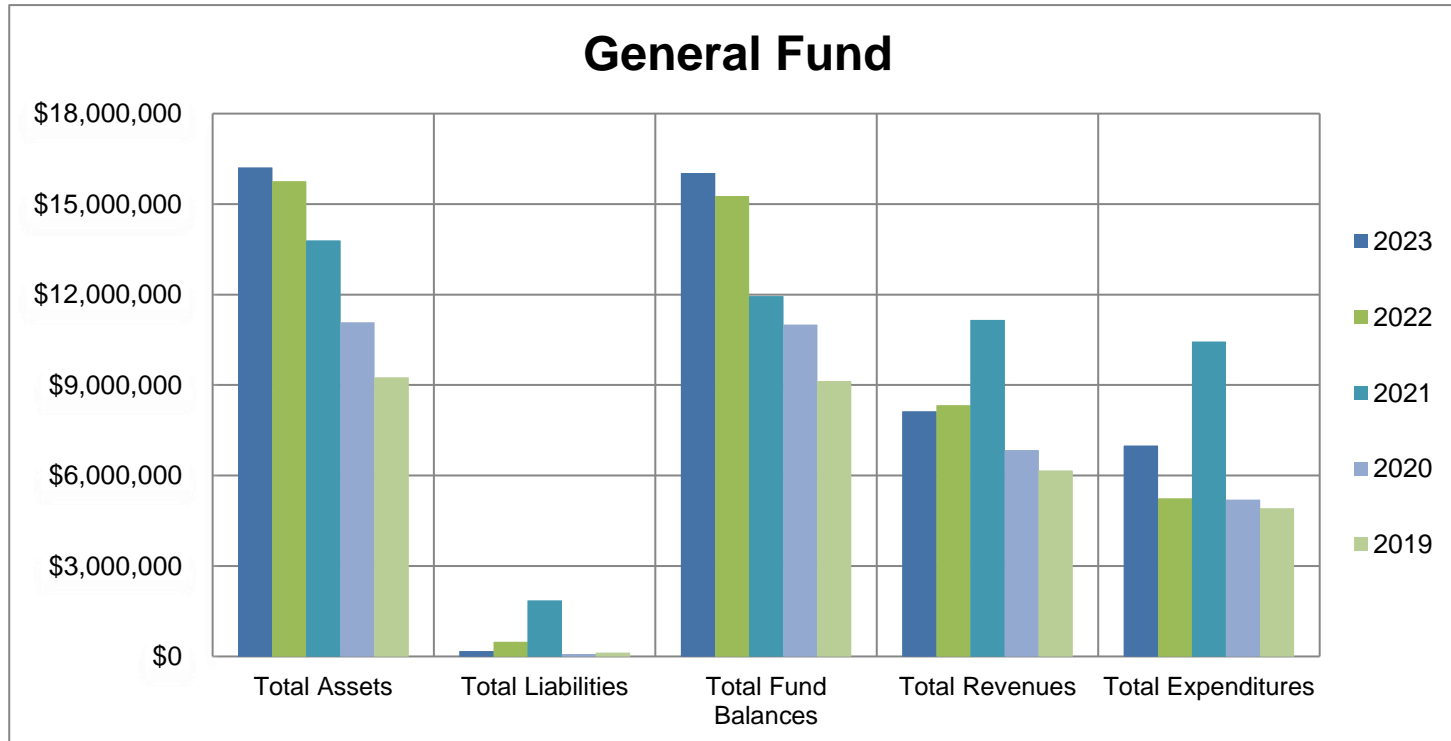
Schedule 3

	December 31, 2023
Land	\$ 3,258,034
Buildings	19,572,470
Improvements	14,240,923
Equipment	<u>10,247,751</u>
Total	<u>\$ 47,319,178</u>

CITY OF CLARKSVILLE, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS
 DECEMBER 31, 2023
 (Unaudited)

Schedule 4-1

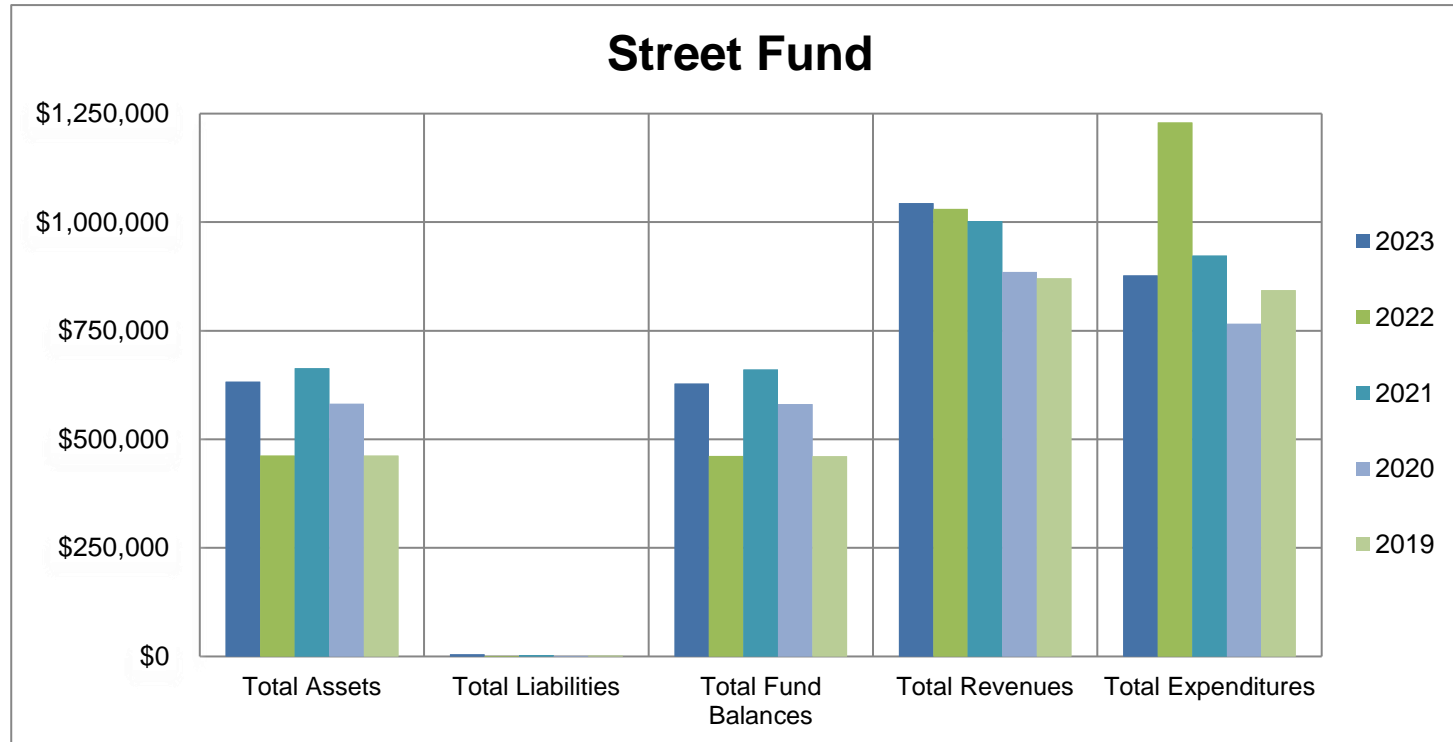
<u>General</u>	2023	2022	2021	2020	2019
Total Assets	\$ 16,207,821	\$ 15,747,655	\$ 13,793,374	\$ 11,076,049	\$ 9,252,688
Total Liabilities	178,931	485,273	1,851,259	75,612	125,271
Total Fund Balances	16,028,890	15,262,382	11,942,115	11,000,437	9,127,417
Total Revenues	8,119,332	8,324,094	11,155,528	6,835,407	6,164,454
Total Expenditures	6,985,355	5,233,234	10,439,943	5,189,672	4,904,736
Total Other Financing Sources/Uses	(367,469)	229,407	226,093	227,285	243,321



CITY OF CLARKSVILLE, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS
 DECEMBER 31, 2023
 (Unaudited)

Schedule 4-2

<u>Street</u>	2023	2022	2021	2020	2019
Total Assets	\$ 632,929	\$ 462,560	\$ 663,681	\$ 581,952	\$ 462,765
Total Liabilities	4,587	832	3,075	1,187	1,841
Total Fund Balances	628,342	461,728	660,606	580,765	460,924
Total Revenues	1,044,149	1,030,836	1,002,812	885,686	871,008
Total Expenditures	877,535	1,229,714	922,971	765,845	843,687
Total Other Financing Sources/Uses					



CITY OF CLARKSVILLE, ARKANSAS
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS
 DECEMBER 31, 2023
 (Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	2023	2022	2021	2020	2019
Total Assets	\$ 6,317,231	\$ 10,031,211	\$ 11,817,214	\$ 4,441,277	\$ 4,180,557
Total Liabilities	620,869	597,506	384,214	219,678	276,972
Total Fund Balances	5,696,362	9,433,705	11,433,000	4,221,599	3,903,585
Total Revenues	3,759,915	4,395,662	3,970,166	2,607,959	2,522,316
Total Expenditures	8,097,258	6,394,957	3,236,035	2,289,945	2,257,185
Total Other Financing Sources/Uses	600,000		6,477,270		

