

City of Huntsville, Arkansas

Regulatory Basis Financial Statements and Other Reports

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HUNTSVILLE, ARKANSAS
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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 Huntsville, 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 Huntsville, 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 Huntsville, 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 Huntsville, 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 another fund 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, this fund is 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 March 18, 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 dark ink, appearing to read 'Kevin White', with a stylized flourish at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
March 18, 2025
LOM120423

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 Huntsville, 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 Huntsville, 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 March 18, 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

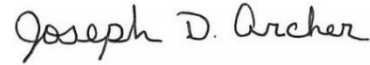
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 March 18, 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

A handwritten signature in dark ink that reads "Joseph D. Archer". The signature is written in a cursive style with a large, stylized "J" and "A".

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
March 18, 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 Huntsville, 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: Travis Dotson
Clerk/Treasurer: Joetta Smith
District Court Clerk: Pamela Garrett
Police Chief: Todd Thomas

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

Mayor

The City paid \$8,500 to a Planning Commission member for a vehicle and \$1,640 to a Council member for various services. Although the Council passed an ordinance in May 2011 allowing the City to conduct business with officials and employees up to \$5,000, the ordinance did not specify the extent of this authority, as required by Ark. Code Ann. § 14-42-107 as interpreted by Op. Att'y Gen no. 2008-069.

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

ARKANSAS LEGISLATIVE AUDIT

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

Joseph D. Archer, CPA
Deputy Legislative Auditor

Little Rock, Arkansas
March 18, 2025

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

Exhibit A

	General	Street	Other Funds in the Aggregate
ASSETS			
Cash and cash equivalents	\$ 2,818,798	\$ 215,823	\$ 879,128
Accounts receivable	181,647	5,275	109,656
	<u>181,647</u>	<u>5,275</u>	<u>109,656</u>
TOTAL ASSETS	<u>\$ 3,000,445</u>	<u>\$ 221,098</u>	<u>\$ 988,784</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 16,233	\$ 2,614	\$ 17,541
Settlements pending			90,304
Total Liabilities	<u>16,233</u>	<u>2,614</u>	<u>107,845</u>
Fund Balances:			
Restricted		218,484	787,581
Assigned	68,197		93,358
Unassigned	2,916,015		
Total Fund Balances	<u>2,984,212</u>	<u>218,484</u>	<u>880,939</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,000,445</u>	<u>\$ 221,098</u>	<u>\$ 988,784</u>

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

CITY OF HUNTSVILLE, 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	\$ 43,773	\$ 242,863	\$ 14,321
Federal aid			68,328
Property taxes	159,342	46,759	31,762
Franchise fees	407,323		
Sales taxes	1,627,119		1,209,824
Fines, forfeitures, and costs	124,618		52,365
Interest	68,782	4,920	34,034
Local permits and fees	66,622		
Hangar rent			53,415
Fuel sales			42,062
Other	131,457	28,074	618
TOTAL REVENUES	2,629,036	322,616	1,506,729
EXPENDITURES			
Current:			
General government	348,195		
Law enforcement	1,170,315		139,542
Highways and streets	288,470	320,490	29,077
Public safety	289,342		42,254
Sanitation	20,400		
Recreation and culture	88,646		
Economic development	62,849		
Airport			69,703
Total Current	2,268,217	320,490	280,576
Debt Service:			
Bond principal			1,195,000
Bond interest and other charges			51,188
Financed purchase principal	8,943		
Financed purchase interest	176		
TOTAL EXPENDITURES	2,277,336	320,490	1,526,764

CITY OF HUNTSVILLE, 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
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 351,700	\$ 2,126	\$ (20,035)
OTHER FINANCING SOURCES (USES)			
Transfers in	23,333		38,577
Transfers out	<u>(38,577)</u>		<u>(23,333)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(15,244)</u>		<u>15,244</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	336,456	2,126	(4,791)
FUND BALANCES - JANUARY 1	<u>2,647,756</u>	<u>216,358</u>	<u>885,730</u>
FUND BALANCES - DECEMBER 31	<u><u>\$ 2,984,212</u></u>	<u><u>\$ 218,484</u></u>	<u><u>\$ 880,939</u></u>

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

CITY OF HUNTSVILLE, 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	\$ 43,000	\$ 43,773	\$ 773	\$ 212,000	\$ 242,863	\$ 30,863
Property taxes	112,000	159,342	47,342	45,000	46,759	1,759
Franchise fees	315,000	407,323	92,323			
Sales taxes	1,250,000	1,627,119	377,119			
Fines, forfeitures, and costs	20,000	124,618	104,618			
Interest	6,500	68,782	62,282	1,700	4,920	3,220
Local permits and fees	40,500	66,622	26,122			
Other	94,406	131,457	37,051		28,074	28,074
TOTAL REVENUES	1,881,406	2,629,036	747,630	258,700	322,616	63,916
EXPENDITURES						
Current:						
General government	365,906	348,195	17,711			
Law enforcement	1,184,253	1,170,315	13,938			
Highways and streets	296,393	288,470	7,923	464,185	320,490	143,695
Public safety	337,077	289,342	47,735			
Sanitation	26,626	20,400	6,226			
Recreation and culture	45,000	88,646	(43,646)			
Economic development	63,514	62,849	665			
Airport	5,000		5,000			
Total Current	2,323,769	2,268,217	55,552	464,185	320,490	143,695
Debt Service:						
Financed purchase principal		8,943	(8,943)			
Financed purchase interest		176	(176)			
TOTAL EXPENDITURES	2,323,769	2,277,336	46,433	464,185	320,490	143,695

CITY OF HUNTSVILLE, 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	\$ (442,363)	\$ 351,700	\$ 794,063	\$ (205,485)	\$ 2,126	\$ 207,611
OTHER FINANCING SOURCES (USES)						
Transfers in	43,454	23,333	(20,121)			
Transfers out		(38,577)	(38,577)			
TOTAL OTHER FINANCING SOURCES (USES)	43,454	(15,244)	(58,698)			
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(398,909)	336,456	735,365	(205,485)	2,126	207,611
FUND BALANCES - JANUARY 1	1,650,000	2,647,756	997,756	205,485	216,358	10,873
FUND BALANCES - DECEMBER 31	\$ 1,251,091	\$ 2,984,212	\$ 1,733,121	\$ 0	\$ 218,484	\$ 218,484

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

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

NOTE 1: Summary of Significant Accounting Policies

A. Financial Reporting Entity

The City of Huntsville 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 fund of the City would have been included in the reporting entity: Water and Sewer. However, under Arkansas's regulatory basis described below, inclusion of this fund is not required and this fund is 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.

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 as reported with other funds in the aggregate.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation – Regulatory (Continued)

Other Funds in the Aggregate (Continued)

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.

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 savings 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.

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Fund Balances (Continued)

Fund Balance Classifications (Continued)

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.

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.

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

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)	\$ 805,934	\$ 806,653
Collateralized:		
Collateral held by the pledging financial institution's trust department or agent in the City's name	3,106,935	3,167,222
Total Deposits	<u>\$ 3,912,869</u>	<u>\$ 3,973,875</u>

The above total deposits do not include cash on hand of \$880.

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	\$ 656	\$ 5,275	\$ 94
Franchise fees	34,095		
Sales taxes	141,675		105,465
Fines, forfeitures, and costs	5,221		4,097
Totals	<u>\$ 181,647</u>	<u>\$ 5,275</u>	<u>\$ 109,656</u>

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

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	\$ 11,426	\$ 2,614	\$ 17,541
Salaries payable	4,807		
Totals	<u>\$ 16,233</u>	<u>\$ 2,614</u>	<u>\$ 17,541</u>

NOTE 6: 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			\$ 53,649
Highways and streets		\$ 218,484	
Public safety			121,340
Airport			39,794
Debt service			572,798
Total Restricted		<u>218,484</u>	<u>787,581</u>
Assigned to:			
Law enforcement			60,384
Recreation and culture	\$ 68,197		
Airport			32,974
Total Assigned	<u>68,197</u>		<u>93,358</u>
Unassigned	<u>2,916,015</u>		
Totals	<u>\$ 2,984,212</u>	<u>\$ 218,484</u>	<u>\$ 880,939</u>

NOTE 7: Legal Debt Limit

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2023, the legal debt limit for the bonded debt was \$7,780,997. 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 \$2,160,930. There were no short-term financing obligations.

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

NOTE 8: Commitments

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

	December 31, 2023
Long-term liabilities	<u>\$ 518,061</u>

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 Bond-Series 2013 for street improvements, fire department improvements, parks and recreational improvements, water improvements, and sewer improvements, dated November 1, 2013, with principal amount of \$7,115,000, due in annual installments of \$45,000 to \$430,000 plus interest through November 1, 2025. Interest from 1% to 4.3%. Payments are to be made from the Series 2013 Debt Service Fund.	\$ 420,000
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	<u>98,061</u>
Total Long-term liabilities	<u>\$ 518,061</u>

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 \$420,000 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.

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>					
11/1/13	11/1/25	1.0-4.3%	<u>\$ 7,115,000</u>	<u>\$ 420,000</u>	<u>\$ 6,695,000</u>

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

NOTE 8: Commitments (Continued)

Changes in Long-Term Debt

	Balance January 01, 2023	Issued	Retired	Balance December 31, 2023
Bonds payable	\$ 1,615,000	\$ 0	\$ 1,195,000	\$ 420,000
<u>Direct Borrowings</u>				
Financed purchases	8,943	0	8,943	0
Total Long-Term Debt	<u>\$ 1,623,943</u>	<u>\$ 0</u>	<u>\$ 1,203,943</u>	<u>\$ 420,000</u>

Debt Service Requirements to Maturity

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

Years Ending December 31,	Principal	Bonds Interest	Total
2024	\$ 240,000	\$ 14,130	\$ 254,130
2025	180,000	6,210	186,210
Totals	<u>\$ 420,000</u>	<u>\$ 20,340</u>	<u>\$ 440,340</u>

NOTE 9: Interfund Transfers

The General Fund transferred \$38,577 to Other Funds in the Aggregate (\$3,996 to the Airport Commission to supplement operations and \$34,581 to the USDA Grant for matching requirements for police department equipment.) The Prisoner Care (Act 1188) Fund transferred previously assigned fund balance of \$23,333 to the General Fund for dispatching services expenses.

NOTE 10: Pledged Revenues

The City pledged future 1% sales and use taxes to repay \$7,115,000 in bonds that were issued in 2013 to provide funding for street improvements, fire department improvements, park and recreation improvements, water improvements, and sewer improvements. Total principal and interest remaining on the bonds are \$420,000 and \$20,340, respectively, payable through November 1, 2025. For 2023, principal and interest paid were \$1,195,000 and \$48,038, respectively.

The Debt Service Fund received \$1,208,138 in sales taxes in 2023. Any sales taxes collected in excess of debt service payments on these bonds is permitted to be used to call bonds early.

NOTE 11: Jointly Governed Organization – Boston Mountain Solid Waste District

The City is a member of the Boston Mountain Solid Waste District. The Boston Mountain Solid Waste District is a jointly governed organization comprised of representatives from Madison and Washington counties and participating cities within aforementioned counties. Representatives are the respective county judges and mayors. The City paid \$1,440 to the Boston Mountain Solid Waste District during 2023. Separate financial statements of the district may be obtained at 11398 Bond Road, Prairie Grove, AR 72752.

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

NOTE 12: Risk Management

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

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

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

Municipal Vehicle Program

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

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

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.

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

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

Plan Description

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

On November 6, 2016, administration of the City of Huntsville Firemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

Funding Policy

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

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

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$96,176 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$57,583 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 \$1,395,249.

NOTE 14: Arkansas Public Employees Retirement System

Plan Description

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

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

NOTE 14: Arkansas Public Employees Retirement System (Continued)

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 \$67,042.

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 \$575,380.

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

Schedule 1

	SPECIAL REVENUE FUNDS							DEBT SERVICE FUND
	Airport Commission	Local Police and Fire Retirement (LOPFI)	Prisoner Care (Act 1188)	Emergency Vehicle (Act 988)	District Court Automation	Fire Equipment and Training (Act 833)	USDA Grant	Series 2013 Bonds - Debt Service
ASSETS								
Cash and cash equivalents	\$ 88,877	\$ 120,968	\$ 70,129	\$ 5,149	\$ 35,788	\$ 278	\$ 95	\$ 467,540
Accounts receivable	207	94	905	1,270	1,922			105,258
TOTAL ASSETS	<u>\$ 89,084</u>	<u>\$ 121,062</u>	<u>\$ 71,034</u>	<u>\$ 6,419</u>	<u>\$ 37,710</u>	<u>\$ 278</u>	<u>\$ 95</u>	<u>\$ 572,798</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 16,316		\$ 1,225					
Settlements pending								
Total Liabilities	<u>16,316</u>		<u>1,225</u>					
Fund Balances:								
Restricted	39,794	\$ 121,062	9,425	\$ 6,419	\$ 37,710	\$ 278	\$ 95	\$ 572,798
Assigned	32,974		60,384					
Total Fund Balances	<u>72,768</u>	<u>121,062</u>	<u>69,809</u>	<u>6,419</u>	<u>37,710</u>	<u>278</u>	<u>95</u>	<u>572,798</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 89,084</u>	<u>\$ 121,062</u>	<u>\$ 71,034</u>	<u>\$ 6,419</u>	<u>\$ 37,710</u>	<u>\$ 278</u>	<u>\$ 95</u>	<u>\$ 572,798</u>

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

Schedule 1

	<u>CUSTODIAL FUNDS</u>		
	<u>District Court</u>	<u>Administration of Justice</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 88,395	\$ 1,909	\$ 879,128
Accounts receivable			109,656
TOTAL ASSETS	<u>\$ 88,395</u>	<u>\$ 1,909</u>	<u>\$ 988,784</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable			\$ 17,541
Settlements pending	\$ 88,395	\$ 1,909	90,304
Total Liabilities	<u>88,395</u>	<u>1,909</u>	<u>107,845</u>
Fund Balances:			
Restricted			787,581
Assigned			93,358
Total Fund Balances			<u>880,939</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 88,395</u>	<u>\$ 1,909</u>	<u>\$ 988,784</u>

CITY OF HUNTSVILLE, 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							DEBT SERVICE FUND	
	Airport Commission	Local Police and Fire Retirement (LOPFI)	Prisoner Care (Act 1188)	Emergency Vehicle (Act 988)	District Court Automation	Fire Equipment and Training (Act 833)	USDA Grant	Series 2013 Bonds - Debt Service	Totals
REVENUES									
State aid						\$ 14,321			\$ 14,321
Federal aid							\$ 68,328		68,328
Property taxes		\$ 31,762							31,762
Sales taxes	\$ 1,686							\$ 1,208,138	1,209,824
Fines, forfeitures, and costs			\$ 13,730	\$ 18,023	\$ 20,612				52,365
Interest	1,236	2,372	1,615	161	800	300	408	27,142	34,034
Hangar rent	53,415								53,415
Fuel sales	42,062								42,062
Other	68				550				618
TOTAL REVENUES	98,467	34,134	15,345	18,184	21,962	14,621	68,736	1,235,280	1,506,729
EXPENDITURES									
Current:									
Law enforcement			4,306	16,197	20,483		98,556		139,542
Highways and streets							29,077		29,077
Public safety		17,626				24,628			42,254
Airport	69,703								69,703
Total Current	69,703	17,626	4,306	16,197	20,483	24,628	127,633		280,576
Debt Service:									
Bond principal								1,195,000	1,195,000
Bond interest and other charges								51,188	51,188
TOTAL EXPENDITURES	69,703	17,626	4,306	16,197	20,483	24,628	127,633	1,246,188	1,526,764
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	28,764	16,508	11,039	1,987	1,479	(10,007)	(58,897)	(10,908)	(20,035)
OTHER FINANCING SOURCES (USES)									
Transfers in	3,996						34,581		38,577
Transfers out			(23,333)						(23,333)
TOTAL OTHER FINANCING SOURCES (USES)	3,996		(23,333)				34,581		15,244
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	32,760	16,508	(12,294)	1,987	1,479	(10,007)	(24,316)	(10,908)	(4,791)
FUND BALANCES - JANUARY 1	40,008	104,554	82,103	4,432	36,231	10,285	24,411	583,706	885,730
FUND BALANCES - DECEMBER 31	\$ 72,768	\$ 121,062	\$ 69,809	\$ 6,419	\$ 37,710	\$ 278	\$ 95	\$ 572,798	\$ 880,939

CITY OF HUNTSVILLE, 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>
Airport Commission	Ark. Code Ann. §§ 14-359-101 - 121 established the Municipal Airport Commission to operate and manage the airport. All revenue derived from the operation of the airport or flying field, after paying the operating expenses and maintenance, shall be set aside and used for additional improvements on the airport or for the retirement of bonds and interest thereon issued or advancement made for the purchase and improvement of the airport or flying field.
Local Police and Fire Retirement (LOPFI)	Ark. Code Ann. § 24-10-409 requires cities receiving revenues from the state derived from taxes levied on foreign and domestic insurers or any other state funds designated for support of fire and police retirement programs to be applied to the employer contribution to support this system.
Prisoner Care (Act 1188)	Ark. Code Ann. § 16-17-129 allows a city to levy an additional fine, not to exceed \$20. Funds shall be used exclusively to defray the cost of incarcerating city prisoners, including payments to other entities for incarcerating city prisoners.
Emergency Vehicle (Act 988)	Ark. Code Ann. § 27-22-103 established fund for the fine for failure to insure motor vehicles to be used for the purchase and maintenance of rescue, emergency medical, and law enforcement vehicles, communication equipment, animals owned or used by law enforcement agencies, life-saving medical apparatus, and law enforcement apparatus.
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.
USDA Grant	Established to receive United States Department of Agriculture (USDA) Grant to be used for street department and police department equipment.
Series 2013 Bonds - Debt Service	Huntsville Ordinance no. 13-10 (October 14, 2013) authorized the issuance of Sales and Use Tax Bonds, Series 2013 for the purpose of financing capital improvements, pledging a 1% sales and use tax for the repayment of the bond principal and interest. Huntsville Ordinance no. 13-9 (June 10, 2013) called for a special election to levy a 1% sales tax to retire these bonds. On August 13, 2013, voters approved a 1% sales tax for the purpose of issuing bonds for improving streets, the City's water system, the City's sewer system, the fire department facility, and park facilities.

CITY OF HUNTSVILLE, 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>
District Court	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
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.

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

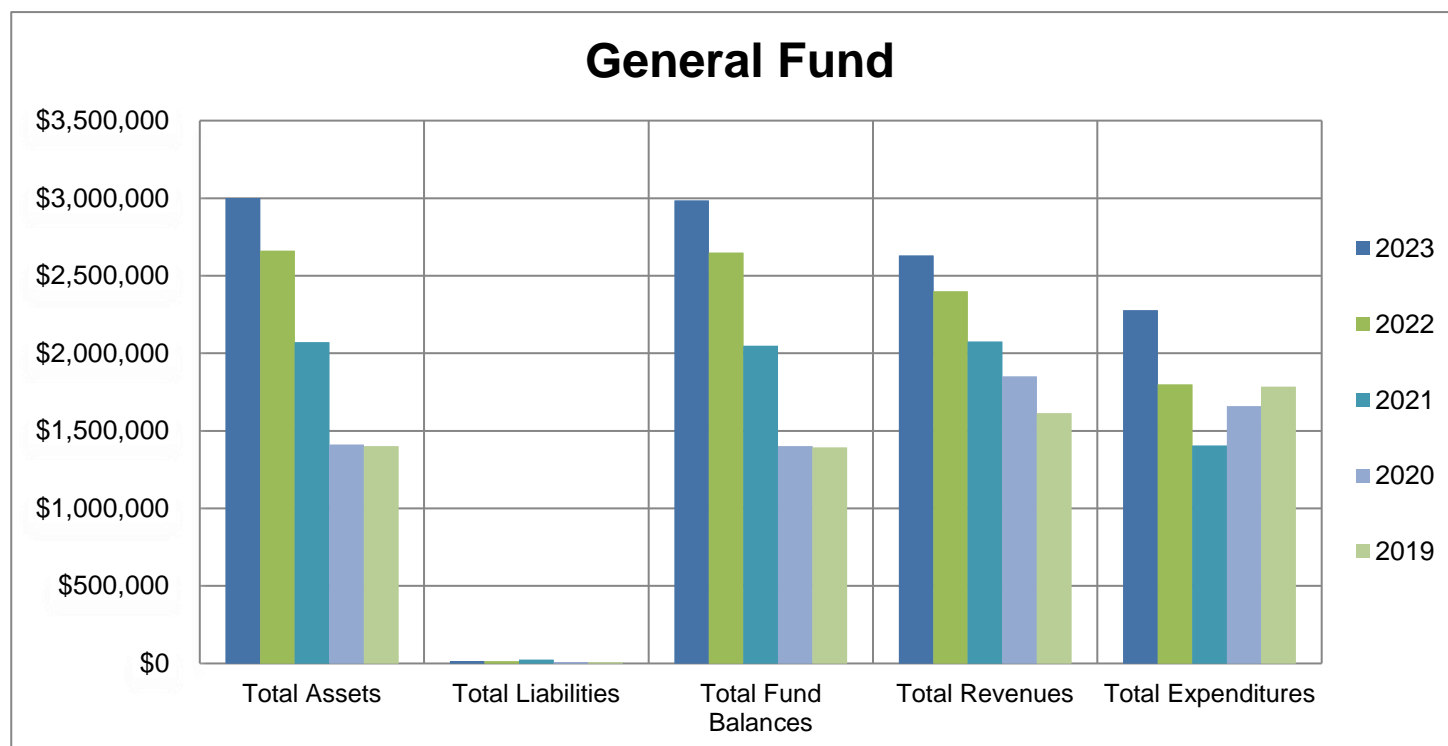
Schedule 3

	December 31, 2023
	<hr/>
Land	\$ 707,936
Buildings	2,037,196
Improvements	2,496,380
Equipment	<hr/> 3,593,367
	<hr/>
Total	<u><u>\$ 8,834,879</u></u>

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

Schedule 4-1

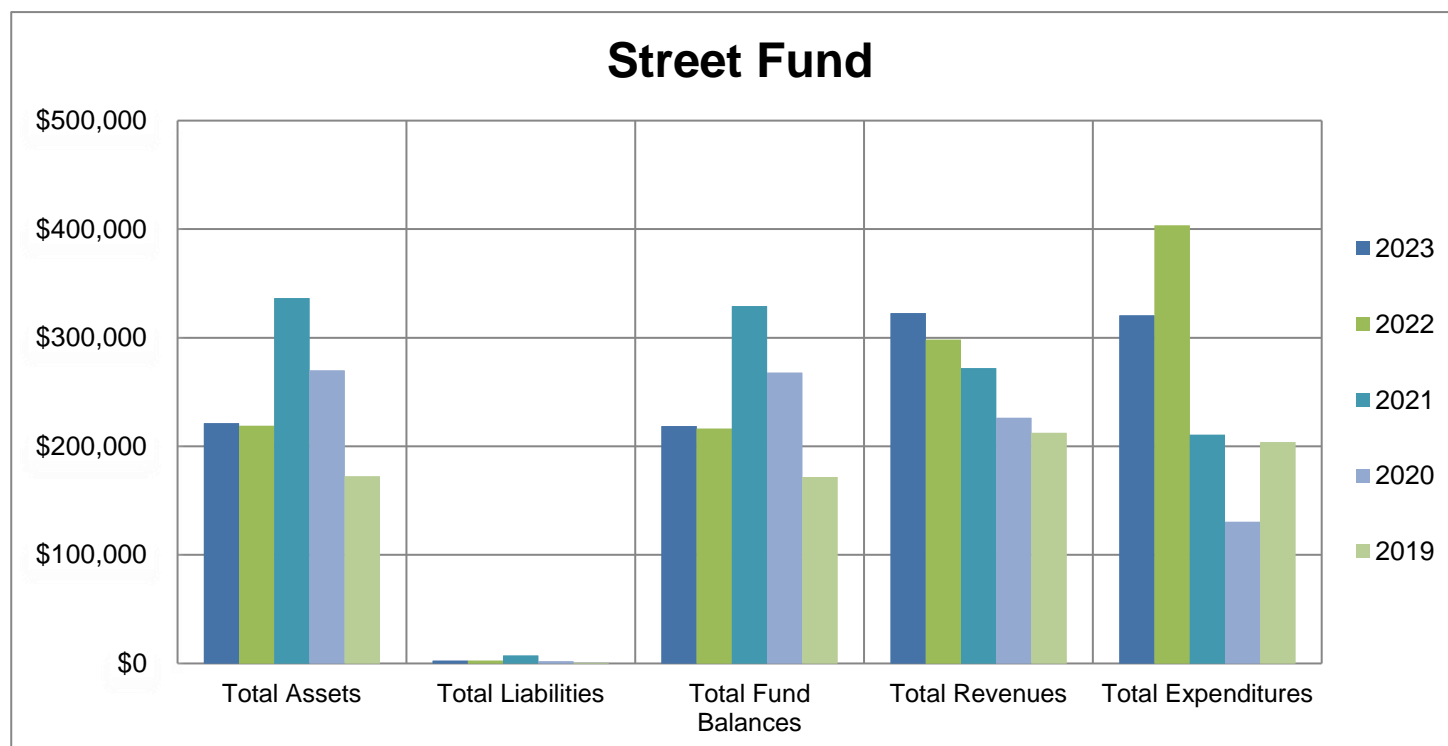
General	2023	2022	2021	2020	2019
Total Assets	\$ 3,000,445	\$ 2,661,509	\$ 2,070,533	\$ 1,409,908	\$ 1,399,647
Total Liabilities	16,233	13,753	23,671	9,020	7,948
Total Fund Balances	2,984,212	2,647,756	2,046,862	1,400,888	1,391,699
Total Revenues	2,629,036	2,398,192	2,074,937	1,848,968	1,612,550
Total Expenditures	2,277,336	1,798,317	1,404,755	1,658,801	1,783,663
Total Other Financing Sources/Uses	(15,244)	1,019	(24,208)	(180,978)	(20,256)



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

Schedule 4-2

Street	2023	2022	2021	2020	2019
Total Assets	\$ 221,098	\$ 218,858	\$ 336,437	\$ 269,804	\$ 172,265
Total Liabilities	2,614	2,500	7,228	1,991	521
Total Fund Balances	218,484	216,358	329,209	267,813	171,744
Total Revenues	322,616	298,171	271,928	226,372	212,503
Total Expenditures	320,490	403,273	210,532	130,303	203,687
Total Other Financing Sources/Uses		(7,749)			



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

Schedule 4-3

Other Funds in the Aggregate	2023	2022	2021	2020	2019
Total Assets	\$ 988,784	\$ 950,391	\$ 1,507,679	\$ 1,202,226	\$ 958,364
Total Liabilities	107,845	64,661	422,640	120,459	143,962
Total Fund Balances	880,939	885,730	1,085,039	1,081,767	814,402
Total Revenues	1,506,729	1,877,872	1,813,495	1,044,018	972,369
Total Expenditures	1,526,764	2,105,483	1,850,223	978,020	1,030,623
Total Other Financing Sources/Uses	15,244	28,302	40,000	201,367	40,000

