

# **City of Berryville, Arkansas**

**Financial Statements  
December 31, 2023**

**CITY OF BERRYVILLE, ARKANSAS  
FINANCIAL STATEMENTS - MODIFIED ACCRUAL BASIS  
DECEMBER 31, 2023**

***Table of Contents***

	<u>Page</u>
Independent Auditor's Report	1
<b><i>Basic Financial Statements</i></b>	
Combined Statement of Assets, Liabilities and Fund Balances - Modified Accrual Basis	3
Combined Statement of Revenues, Expenses and Changes in Fund Balances – Modified Accrual Basis	4
Notes to Financial Statements	5
<b><i>Required Supplementary Information</i></b>	
Statement of Revenues and Expenses – Budget to Actual – General and Street Funds – Modified Accrual Basis	15
<b><i>Supplementary Information</i></b>	
Combining Statement of Assets, Liabilities and Net Position Proprietary Funds – Modified Accrual Basis	16
Combining Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds – Modified Accrual Basis	17
Combining Statement of Assets, Liabilities, and Fund Balances All Other Funds in the Aggregate – Modified Accrual Basis	18
Combining Statement of Revenues, Expenses and Changes in Fund Balances All Other Funds in the Aggregate – Modified Accrual Basis	19
Combining Statement of Assets, Liabilities and Fund Balances Trust Funds – Modified Accrual Basis	20
Combining Statement of Revenues, Expenses and Changes in Fund Balances Trust Funds – Modified Accrual Basis	21
Schedule of Capital Assets	22
Schedule of Bonds Outstanding	24
<b><i>Other Reports</i></b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25
Independent Accountant's Report on Compliance with Arkansas State Requirements	27



## **CERTIFIED PUBLIC ACCOUNTANTS**

### ***INDEPENDENT AUDITOR'S REPORT***

Honorable Mayor and Members of the City Council  
City of Berryville, Arkansas

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the trust funds, and the aggregate remaining fund information of the City of Berryville, Arkansas (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements and required supplementary information, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified accrual basis of accounting described in Note 1. This includes determining that the modified accrual 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 misstatement, whether due to error or fraud.

#### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position – modified accrual basis, of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the trust funds, and the aggregate remaining funds of the City of Berryville, Arkansas, as of December 31, 2023, and the respective revenues, expenses, and changes in fund balances – modified accrual basis, for the year then ended in accordance with the basis of accounting as described in Note 1.

**Basis of Accounting**

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified accrual basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

The City has not presented a management's discussion and analysis and all of the budget to actual comparisons that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of the financial statements.

*Other Information*

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements taken as a whole. Proprietary Funds Combining financial statements, All Other Funds in the Aggregate Combining financial statements, Agency Funds Combining financial statements, and other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Combining Statement of Assets, Liabilities and Net Position Proprietary Funds – Modified Accrual Basis, Combining Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds – Modified Accrual Basis, Combining Statement of Assets, Liabilities, and Fund Balances All Other Funds in the Aggregate – Modified Accrual Basis, Combining Statement of Revenues, Expenses and Changes in Fund Balances All Other Funds in the Aggregate– Modified Accrual Basis, Combining Statement of Assets, Liabilities, and Fund Balances Trust Funds – Modified Accrual Basis, Combining Statement of Revenues, Expenses and Changes in Fund Balances Trust – Modified Accrual Basis, Schedule of Capital Assets and the Schedule of Bonds Outstanding have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole, on the basis of accounting described in Note 1.

The financial statements have been presented in a format required by the Arkansas Division of Legislative Audit. Therefore, they do not include Government Wide Activities financial statements, which are required by accounting principles generally accepted in the United States of America.

  
**The Killingsworth Firm CPA, PLLC**

November 22, 2024  
Berryville, Arkansas

**CITY OF BERRYVILLE, ARKANSAS**  
**COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**  
**MODIFIED ACCRUAL BASIS**  
**AS OF DECEMBER 31, 2023**

	General Fund	Street Fund	Proprietary Funds	Other Funds in the Aggregate	Trust Funds	Total
<b>Assets</b>						
Cash and Cash Equivalents	\$ 968,412	\$ 461,661	\$ 690,974	\$ 643,680	\$ -	\$ 2,764,727
Investments - Certificates of Deposit	1,239,978	107,220	327,314	77,303	-	1,751,815
Accounts Receivable	203,489	55,996	363,886	10,777	-	634,148
Inter-fund Transfers Receivable	-	-	-	-	-	-
Restricted and Committed Assets	-	-	-	-	-	-
Cash and Cash Equivalents	-	-	1,014,343	-	19,658	1,034,001
Investments - Certificates of Deposit	-	-	149,820	-	-	149,820
Investments - Brokerage Account	-	-	-	302,543	-	302,543
Property and Equipment, Net	-	-	17,133,240	-	-	17,133,240
Investments - Industrial Park Land	-	-	-	77,917	-	77,917
Other Assets	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 2,411,879</b>	<b>\$ 624,877</b>	<b>\$ 19,679,577</b>	<b>\$ 1,112,220</b>	<b>\$ 19,658</b>	<b>\$ 23,848,211</b>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 102,571	\$ 16,619	\$ 142,740	\$ 6,459	\$ -	\$ 268,389
Inter-fund Transfers Payable	-	-	-	-	-	-
Accrued Interest	-	-	-	-	-	-
Payroll and Related Taxes Payable	-	-	12,890	-	-	12,890
Sales Tax Payable	-	-	13,115	-	-	13,115
Current Liabilities Payable from Restricted Assets	-	-	-	-	-	-
Customer Meter Deposits	-	-	85,901	-	-	85,901
Revenue Bonds Payable	-	-	4,676,664	-	-	4,676,664
<b>Total Liabilities</b>	<b>102,571</b>	<b>16,619</b>	<b>4,931,310</b>	<b>6,459</b>	<b>-</b>	<b>5,056,959</b>
<b>Fund Balance</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	1,078,262	269,120	19,658	1,367,040
Committed	-	-	-	836,641	-	836,641
Assigned	-	-	-	-	-	-
Unassigned	2,309,308	608,258	-	-	-	2,917,566
Unrestricted Net Position of Proprietary Funds	-	-	7,987,721	-	-	7,987,721
Contributed Fund Balance	-	-	5,682,284	-	-	5,682,284
<b>Total Fund Balance</b>	<b>2,309,308</b>	<b>608,258</b>	<b>14,748,267</b>	<b>1,105,761</b>	<b>19,658</b>	<b>18,791,252</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 2,411,879</b>	<b>\$ 624,877</b>	<b>\$ 19,679,577</b>	<b>\$ 1,112,220</b>	<b>\$ 19,658</b>	<b>\$ 23,848,211</b>

See Independent Auditor's Report and Notes to Financial Statements.

**CITY OF BERRYVILLE, ARKANSAS**  
**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES**  
**MODIFIED ACCRUAL BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	General Fund	Street Fund	Proprietary Funds	Other Funds in the Aggregate	Trust Funds	Total
<b>Revenues</b>						
Intergovernmental Revenue - State	\$ 140,914	\$ -	\$ -	\$ 12,269	\$ -	\$ 153,183
Taxes	86,376	624,945	-	-	-	711,321
Licenses and Permits	443,713	-	-	-	-	443,713
Grant Revenue	-	-	2,628	144,714	-	147,342
Fees, Fines and Forfeitures	204,140	-	-	-	-	204,140
Other	601,546	5,072	28,616	199,201	-	834,435
Interest and Dividends	44,441	5,038	47,928	4,557	\$5	102,019
Charges for Services	725,976	-	3,432,898	137,785	-	4,296,659
<b>Total Revenue</b>	<b>2,247,106</b>	<b>635,055</b>	<b>3,512,070</b>	<b>498,526</b>	<b>55</b>	<b>6,892,812</b>
<b>Expenses</b>						
Administrative	2,242,048	-	-	-	-	2,242,048
Rural Fire	-	-	-	27,228	-	27,228
Cemetery	-	-	-	38,200	-	38,200
Debt Service	-	-	-	603,758	-	603,758
Fire	114,709	-	-	-	-	114,709
Highways and Streets	-	924,719	-	-	-	924,719
Industrial Park	-	-	-	1,084,551	-	1,084,551
Law Enforcement	1,334,703	-	-	-	-	1,334,703
Museum	-	-	-	63,842	-	63,842
Parks and Recreation	-	-	-	415,548	-	415,548
Swimming Pool	-	-	-	59,245	-	59,245
Tourism	-	-	-	7,957	-	7,957
Retirement Plans	-	-	-	-	122,830	122,830
Proprietary	-	-	4,790,628	-	-	4,790,628
<b>Total Expenses</b>	<b>3,691,460</b>	<b>924,719</b>	<b>4,790,628</b>	<b>2,300,329</b>	<b>122,830</b>	<b>11,829,966</b>
<b>Revenues in Excess of (Less Than) Expenses</b>	<b>(1,444,354)</b>	<b>(289,664)</b>	<b>(1,278,558)</b>	<b>(1,801,803)</b>	<b>(122,775)</b>	<b>(4,937,154)</b>
<b>Other Financing Sources (Uses)</b>						
Sales Tax Revenue	2,534,071	203,276	657,553	806,198	-	4,201,098
Operating Transfer In	-	-	838,457	1,109,092	123,000	2,070,549
Operating Transfer Out	(1,933,549)	(127,000)	-	(10,000)	-	(2,070,549)
Prior Year Asset Adjustment	-	-	494,335	-	-	494,335
<b>Total Other Financing Sources (Uses)</b>	<b>600,522</b>	<b>76,276</b>	<b>1,990,345</b>	<b>1,905,290</b>	<b>123,000</b>	<b>4,695,433</b>
<b>Revenues in Excess of (Less Than) Expenses and Other Sources (Uses)</b>	<b>(843,832)</b>	<b>(213,388)</b>	<b>711,787</b>	<b>103,487</b>	<b>225</b>	<b>(241,721)</b>
<b>Fund Balance</b>						
Beginning of Year	3,153,140	821,646	14,036,480	1,002,274	19,433	19,032,973
<b>End of Year</b>	<b>\$ 2,309,308</b>	<b>\$ 608,258</b>	<b>\$ 14,748,267</b>	<b>\$ 1,105,761</b>	<b>\$ 19,658</b>	<b>\$ 18,791,252</b>

See Independent Auditor's Report and Notes to Financial Statements.

**CITY OF BERRYVILLE, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Financial Reporting Entity**

The City of Berryville, Arkansas (the City) was incorporated under the laws of the State of Arkansas and operates under an elected Mayor-Council form of government. The financial statements of the reporting entity include those of the City (the primary government).

**Basis of Presentation**

The accounts of the City are organized on a fund basis, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, fund balance, receipts, and expenses. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report, into four generic fund types and one broad fund category as follows:

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund heading in these financial statements includes the General Fund and the Payroll Fund.

The Street Fund is used to account for the proceeds of specific receipt sources that are legally restricted to disbursements for maintaining and constructing highways and streets.

The Water and Waste Water Department is considered an enterprise fund, and therefore, the reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel and depreciation. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. The Water and Waste Water Fund is a major fund.

The Community Center Fund is considered an enterprise fund, and therefore, the reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Operating revenues include membership fees and charges for services. Operating expenses include costs of services as well as utilities, insurance, maintenance, and personnel. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. The Community Center Fund is a major fund.

Trust Funds are funds holding assets for the benefit of others, such as the various retirement funds. The reporting focuses on any changes in net assets available to meet future obligations. A combining balance sheet and statement of receipts and disbursements is included in the supplementary information as noted in the table of contents.

Other Funds in the Aggregate consists of all funds included in the financial statements except for the General, Street, Water and Waste Water, Community Center, and Trust Funds. A combining balance sheet and statement of receipts and disbursements is included in the supplementary information as noted in the table of contents. The following types of funds are included in this category:

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

Debt Service Funds account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Enterprise Funds account for any activity for which a fee is charged to external users for goods or services. The Swimming Pool Fund is a non-major fund and is included with the other funds in the aggregate.

**CITY OF BERRYVILLE, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Accounting and Measurement Focus**

All funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. *Available* is defined as a period of not more than sixty days. Expenses are recognized when the related liability is incurred. The governmental type funds use the flow of current financial resources measurement focus, therefore, long-term capital assets and obligations are not reported. The enterprise funds use the flow of economic resources measurement focus.

Accordingly, in the Water and Waste Water Fund, which is an enterprise fund, property and equipment are capitalized and these capital costs are charged to operations over the assets' estimated economically useful lives. Depreciation of assets over their useful lives is consistent with accrual basis accounting and is included as a modification to the modified accrual basis. Furthermore, all long-term debt arising from accrual basis transactions, to be repaid from business-type resources, are reported as liabilities, whether current or non-current.

**Assets, Liabilities and Fund Balances**

Cash and Cash Equivalents include all demand and savings accounts and certificates of deposit.

Equity Classification and Fund Balances are classified as follows:

Nonspendable Fund Balances – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balances – The restricted fund balance classification includes amounts that have been restricted to specific purposes as imposed by creditors, grantors, contributors or laws or regulations of other governments through enabling legislations or constitutional provisions. It is the City's policy to first apply restricted resources when an expense is incurred for a purpose for which both restricted and unrestricted fund balances are available.

Committed Fund Balances – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority, which is the city council.

Assigned Fund Balances – The assigned fund balance classification includes amounts that are constrained by the City's intent, rather than formal action, to be used for specific purposes, but are not restricted or committed.

Unassigned Fund Balances – The unassigned fund balance classification is the residual classification and represents fund balance that is spendable or has not been restricted, committed or assigned to specific purposes.

Net Position – The Water and Waste Water Department and the Community Center Fund are enterprise funds and classify their equity as net position.

**Budgets and Budgetary Accounting**

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

1. Prior to December 1, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.



**CITY OF BERRYVILLE, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgets and Budgetary Accounting (Continued)**

2. The City Council is authorized to transfer budgeted amounts between departments within any fund. Any revision that alters the total expenditures of any fund may be approved by the City Council except, (1) that tax levies for specific purposes may not be diverted to another purpose, and (2) appropriated funds may not be diverted where any creditor would be prejudiced thereby.
3. Formal budgetary integration is employed as a management control device for the General Fund, Special Revenue Fund, and Special Assessment Funds.
4. Budgets for all funds were adopted on a modified cash basis except as noted.

**Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from one fund which are applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reduction of expenditures/expenses in the fund that is reimbursed.

	Governmental Funds	Enterprise and Other Funds	Total
Operating Transfers In	\$ --	\$ 2,070,549	\$ 2,070,549
Operating Transfers Out	(2,070,549)	--	(2,070,549)
	<u>\$ (2,070,549)</u>	<u>\$ 2,070,549</u>	<u>\$ --</u>

**Accounting Estimates**

The presentation of financial statements in conformity with the modified accrual basis of accounting, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - CASH AND CERTIFICATES OF DEPOSIT**

The City's cash and investments consist of deposits with financial institutions and certificates of deposits. The City's investment policies are governed by state statutes. Deposits are carried at cost. The carrying amount of deposits is displayed on the balance sheet as Cash and Investments and Restricted Cash and Investments.

The City's deposits in excess of the FDIC insurance limit of \$250,000 at its primary bank are supported by an irrevocable standby letter of credit issued in its behalf by the Federal Home Loan Bank of Dallas. For the year ended December 31, 2023, the amount of the guaranty was \$6,000,000. As of October 3, 2024 the guaranty was renewed at \$6,000,000, with an expiration date of October 3, 2025.

**CITY OF BERRYVILLE, ARKANSAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 2 – CASH AND CERTIFICATES OF DEPOSIT (CONTINUED)**

The City's bank deposits are categorized below as to the level of risk assumed by the entity at year-end.

	Bank Balance	Carrying Value
Insured	\$ 3,844,129	\$ 3,711,554
Guaranteed by standby letter of credit	1,988,808	1,988,808
Assets held in trust	302,543	302,543
Totals	<u>\$ 6,135,480</u>	<u>\$ 6,002,905</u>

The following is the detail of all cash and certificates of deposit:

Petty cash and change funds	\$ 1,190
Operating funds and demand deposits	2,763,537
Certificates of deposit	<u>1,751,815</u>
Total unrestricted cash and certificates of deposit	<u>4,516,542</u>
Restricted cash	1,034,000
Certificates of deposit	149,820
Bond Funds	<u>302,543</u>
Total restricted cash and certificates of deposit	<u>1,486,363</u>
Total cash and certificates of deposit	<u>\$ 6,002,905</u>

**NOTE 3 - LEGAL OR CONTRACTUAL PROVISIONS FOR DEPOSITS AND INVESTMENTS**

**Governmental Fund Types**

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

**Municipal Judge's and Clerk's Retirement**

Municipal Judge's and Clerk's Retirement Funds are restricted to insured or collateralized bank deposits and interest-bearing securities issued by the State of Arkansas or the United States of America.

**NOTE 4 - LEGAL DEBT LIMIT OF PROPERTY TAX SECURED BOND ISSUES**

The City is subject to a constitutional limitation for bonded indebtedness equal to twenty percent (20%) of the total assessed value of real and personal property. At December 31, 2023 there were no property tax secured bond issues.

**NOTE 5 - PLEDGED ASSETS**

All fixed assets and revenues of the Water and Waste Water Fund are pledged as security for revenue bonds issued and outstanding as described in Note 9.

**CITY OF BERRYVILLE, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 6 - AGREEMENT WITH CARROLL-BOONE WATER DISTRICT**

The City has contracted with Carroll-Boone Water District to purchase all its water from the District at two dollar and twenty cents (\$2.20) per thousand gallons. Additionally, the City may be required to pay its pro rata share of any revenue short fall of the District. Under this agreement, the City is subject to a demand charge of forty-eight point nine cents (\$0.489) per thousand gallons for water purchases from other sources.

**NOTE 7 - RETIREMENT PLANS**

**Firemen's Pension Fund**

The Firemen's Pension Fund was established and is maintained under Arkansas statutes and was administered by a board comprised of the Mayor (Chairman), the City Clerk (Secretary/Treasurer), and five active firemen until November, 2018.

The state of Arkansas Fire and Police Pension Review Board took over custodianship of the fund in November 2018 and is responsible for the coordination of the actuarial valuations performed on the Policeman's and Fireman's Pension and Relief Funds. All assets were transferred to the State of Arkansas in November, 2018.

**Local Police and Fire Retirement System**

Regular and volunteer firemen and policemen of the City whose date of hire is after December 31, 1982, are required to participate in the Arkansas Local Police and Fire Retirement System (LOPFI). LOPFI was established and is maintained under Arkansas statutes and is administered by a five-member board appointed by the Governor of Arkansas. A Financial report for the plan may be obtained from the Arkansas Local Police and Fire Retirement System, P.O. Drawer 34164, Little Rock, Arkansas 72203.

This plan is a multiple-employer public employee retirement system defined benefit plan providing death, disability, and retirement benefits for its members. Normal retirement age under this plan is age 55 with 20 years of credited service or age 60 with less than 20 years of credited service. An early retirement option, with reduced benefits, is available to employees age 50 with 20 years of service.

The normal costs are funded in the year in which incurred. The City contributes all of the actuarially computed contribution. This computed contribution is the present value of projected benefits estimated to be payable in the future as a result of employee service to date.

The State of Arkansas is responsible for the coordination of the actuarial valuations performed on the Arkansas Local Police and Fire Retirement System. Employees terminating from the plan before normal retirement age, with 5, but less than 20 years of credited service, may receive future benefits provided the employee does not withdraw his/her accumulated contributions and lives to his/her annuity starting date.

**Municipal Judge and Clerk Retirement Fund**

The City contributes a portion of court fees to the Arkansas District Judges Retirement System (ADJRS) and to the Arkansas Public Employees Retirement System (APERS). Any deficiencies for retirement obligations will be met by payment from the City's General Fund.

**Money Purchase Pension Plan**

The City adopted a money purchase pension plan, administered by Benjamin F. Edwards, effective March 1, 1993. Full time employees with one year of service and not covered by another City pension plan are eligible. The City contributes eleven percent (11%) of covered compensation of each participant. For the year ended December 31, 2023, the City contributed \$105,340 to the plan on a covered payroll of \$957,636.

**CITY OF BERRYVILLE, ARKANSAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 8 - WATER AND SEWER RATES**

Water and Sewer rates are set by City Ordinance. The rates in effect as of January 1, 2023 were as follows:

<u>Water Rates</u>	<u>Inside City Limits</u> <u>01/01/23</u>	<u>Outside City Limits</u> <u>01/01/23</u>
First 2,000 gallons	\$12.90	\$23.30 minimum
Next 18,000 gallons	\$4.25	\$4.60 per 1,000 gallons
Next 80,000 gallons	\$4.00	\$4.35 per 1,000 gallons
Next 200,000 gallons	\$3.85	\$4.20 per 1,000 gallons
All usage in excess of 300,000 gallons	\$3.75	\$4.10 per 1,000 gallons
<u>Waste Water Rates</u>	<u>01/01/23</u>	
First 2,000 gallons	\$9.50 minimum	
Next 8,000 gallons	\$3.45 per 1,000 gallons	
Next 90,000 gallons	\$3.20 per 1,000 gallons	
Over 100,000 gallons	\$2.50 per 1,000 gallons	

**NOTE 9 - LONG-TERM DEBT**

Long-Term Debt of the Water and Sewer Department consists of revenue and sales tax bonds described as follows:

Water and Sewer Revenue Bonds Series 2020 issued in March 26, 2020, in the amount of \$3,910,000, payable from the revenues derived from the operation of the system and the first \$17,000 of monthly collections of a 1% sales and use tax, interest rates ranging from 2.5% to 3% and payable semi-annually on the 1<sup>st</sup> of June and December. Principal payments are due in varying amounts on the 1<sup>st</sup> of June.

\$ 3,075,000

Less Current Portion and Unamortized Bond Discount

310,000

Water and Sewer Bonds Outstanding, Net of Current Portion and Unamortized Bond Discount

\$ 2,765,000

Aggregate Maturities of the Series 2020 Bonds at December 31, 2023 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 310,000	\$ 76,725	\$ 386,725
2025	320,000	69,475	389,475
2026	330,000	62,975	392,975
2027	340,000	50,551	390,551
2028	350,000	41,548	391,548
2029 to 2032	<u>1,425,000</u>	<u>73,356</u>	<u>1,498,356</u>
Totals	\$ 3,075,000	<u>\$ 374,630</u>	<u>\$ 3,449,630</u>
Unamortized Discount	<u>(0)</u>		
Net Balance	<u>\$ 3,075,000</u>		

The Series 2020 Bonds were issued to refund the Series 2012 Bonds previously outstanding. Interest costs on the Series 2020 for the year ended December 31, 2023 were \$84,975.

**CITY OF BERRYVILLE, ARKANSAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

In addition, the Water and Sewer Department issued Water and Sewer Revenue Bonds on August 27, 2018, in the amount of \$1,681,000, payable from revenues of the water and waste water system, interest rate of 2.75%, payable interest only for the first two years and then \$5,951 per month, including interest, until paid

Year	Principal	Interest	Total
2024	\$ 27,950	\$ 43,462	\$ 71,412
2025	28,779	42,633	71,412
2026	29,461	41,951	71,412
2027	30,281	41,131	71,412
2028	31,125	40,287	71,412
2029 to 2033	169,118	187,942	357,060
2034 to 2038	194,015	163,045	357,060
Thereafter	1,090,935	321,378	1,412,313
Totals	<u>\$ 1,601,664</u>	<u>\$ 881,829</u>	<u>\$ 2,483,493</u>

In addition to the Water and Sewer Bonds described above the City has issued other bonds. Under the modified accrual basis of accounting, these bonds are not presented in the combined balance sheet of All Other Funds in the Aggregate or the General or Street Funds.

Sales and Use Tax Bonds Series 2017 issued October 10, 2017, in the amount of \$6,465,000, payable from the City's 0.5% sales and use tax, interest rate varying from 2.0% to 3.0%, payable annually on the 1<sup>st</sup> of September, beginning September 1, 2018. There are sinking fund requirements for the bonds maturing in 2021 – 2030.

Year	Principal	Interest	Total
2024	\$ 495,000	\$ 101,138	\$ 596,138
2025	505,000	91,238	596,238
2026	515,000	77,981	592,981
2027	530,000	64,463	594,463
2028	545,000	50,550	595,550
2029 to 2030	1,140,000	51,600	1,191,600
Totals	<u>\$ 3,730,000</u>	<u>\$ 436,970</u>	<u>\$ 4,166,970</u>

The aggregate maturities of all bonds outstanding as of December 31, 2023, are as follows:

Year	Principal	Interest	Total
2024	\$ 832,950	\$ 221,325	\$ 1,054,275
2025	853,779	203,346	1,057,125
2026	874,461	182,907	1,057,368
2027	900,281	156,145	1,056,426
2028	926,125	132,385	1,058,510
2029 to 2033	2,734,118	312,898	3,047,016
Thereafter	1,284,950	484,423	1,769,373
Totals	<u>\$ 8,406,664</u>	<u>\$ 1,693,429</u>	<u>\$ 10,100,093</u>

**CITY OF BERRYVILLE, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 9 - LONG-TERM DEBT (CONTINUED)**

The City of Berryville retired total debt in the amount of \$812,121 during 2023, Interest paid on the 2017 Sales and Use Tax Bond Series was \$110,738. Interest paid on the 2018 Water and Sewer Revenue Bonds was \$44,291.

Reconciliation of debt for the year ended December 31, 2023 is as follows:

	1/1/2023	Debt Issued	Debt Retired	12/31/2023
SERIES 2017 ST BONDS	\$ 4,215,000	\$ ---	\$ 485,000	\$ 3,730,000
SERIES 2018 WS BONDS	1,628,785	---	27,121	1,601,664
SERIES 2020 WS BONDS	<u>3,375,000</u>	<u>---</u>	<u>300,000</u>	<u>3,075,000</u>
	<u>\$ 9,218,785</u>	<u>\$ ---</u>	<u>\$ 812,121</u>	<u>\$ 8,406,664</u>

**NOTE 10 – FAIR VALUE OF INVESTMENTS**

All investments in cash and securities are Level 1 in the fair value hierarchy, utilizing quoted prices in active markets for identical assets.

**NOTE 11 – RESTRICTED AND COMMITTED ASSETS**

Restricted assets are cash reserves restricted by Bond or Loan covenants. These covenants establish the reserve funds, the manner of accumulation, and allowable expenditures. The City was in compliance with the bond covenants as of December 31, 2023.

Committed assets are cash reserves designated for future purposes by those charged with governance (City Council).

**NOTE 12- CONCENTRATIONS**

The City of Berryville Water and Waste Water Department is operating a water and sewer system in Berryville, Arkansas. Although the Department has a diverse customer base, a portion of its customer's ability to honor their water and waste water bill is dependent upon the economy of Northwest Arkansas.

During 2023, service to one customer accounted for more than 50% of all water and waste water service receipts.

**CITY OF BERRYVILLE, ARKANSAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 13 – FUND BALANCE AND NET POSITION**

Nonspendable, restricted, committed, assigned and unassigned fund balances, and net position and contributed equity are as follows:

	General	Street Fund	Proprietary Funds	Other Funds and Trust Funds
Nonspendable:				
Land	\$ -	\$ -	\$ -	\$ 77,917
Restricted:				
Fire, Police, Street	-	-	-	-
Industrial Park	-	-	-	-
Park Commission	-	-	-	-
Water and Wastewater	-	-	1,078,262	-
Bond Payment	-	-	-	302,543
Park Commission	-	-	-	-
Firemen's Pension & Relief	-	-	-	-
Local Firemen's Retirement	-	-	-	2,987
Local Police Retirement	-	-	-	16,671
Thomas Estate Cemetery Trust	-	-	-	3,299
Rural Fire Fund	-	-	-	187,904
Committed:				
Saunders Museum	-	-	-	161,544
Cemetery Fund	-	-	-	210,593
Park Commission Fund	-	-	-	1,356
Tourism Commission Fund	-	-	-	70,399
Industrial Park Fund	-	-	-	89,043
Swimming Pool	-	-	-	1,163
Capital Improvements Reserve	-	-	-	-
Unassigned:	2,309,308	608,258	-	-
Unrestricted Net Position	-	-	7,987,721	-
Contributed Equity	-	-	5,682,284	-
Total Fund Balance and Net Position	<u>\$ 2,309,308</u>	<u>\$ 608,258</u>	<u>\$ 14,748,267</u>	<u>\$ 1,125,419</u>

**NOTE 14 - RISK MANAGEMENT**

The City's comprehensive risk management program is administered with the assistance of a professional risk management broker. The City is exposed to the risk of various losses such as theft of, damage to, and destruction of assets; errors and omissions; and personal injury. The City limits losses and manages risk through the purchase of insurance policies with several different carriers. In addition, the City instituted various safety programs to reduce losses. The budgeting process includes provision for accumulating funds to cover deductibles and any minor items, which would not be covered by commercially purchased policies. There have been no significant reductions in insurance coverage from coverage in the prior year, and there were no settlements that exceeded insurance coverage in the past three fiscal years.

**NOTE 15 – ACCOUNTS RECEIVABLE**

Receivables include amounts due from other governments as well as amounts due from water and waste water customers. No allowance for bad debts has been provided, as all amounts due from other governments were collected in January 2024 and any uncollectible amounts on water and waste water receivables has traditionally been insignificant and would not be material to the financial statements.

**CITY OF BERRYVILLE, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 16 - CAPITAL ASSETS**

The financial statements include only the capital assets of the Water and Waste Water Department. The assets are recorded at cost and depreciation is taken over estimated lives of 5-40 years. Depreciation expense for the year ended December 31, 2023 was \$759,331, and accumulated depreciation at December 31, 2023 was \$16,516,337.

Changes in capital assets for the Water and Waste-Water Department for the year ended December 31, 2022 were as follows:

	1/1/2023	Additions	Deletions	12/31/2023
Land, Buildings, & Equipment	\$ 32,484,985	\$ 1,164,592	\$ ---	\$ 33,649,577
Accumulated Depreciation	<u>(15,757,007)</u>	<u>(759,330)</u>	<u>---</u>	<u>(16,516,337)</u>
	<u>\$ 16,727,978</u>	<u>\$ 405,262</u>	<u>\$ ---</u>	<u>\$ 17,133,240</u>

A supplemental Schedule of Capital Assets is included which summarizes cost and, if applicable, accumulated depreciation for all fixed assets owned by the City of Berryville.

**NOTE 17 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through November 22, 2023, the date on which the financial statements were available to be issued.



**CITY OF BERRYVILLE, ARKANSAS**  
**STATEMENT OF REVENUES AND EXPENSES - BUDGET TO ACTUAL**  
**GENERAL AND STREET FUNDS - MODIFIED ACCRUAL BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**REQUIRED SUPPLEMENTARY INFORMATION**

	General			Street Fund		
	Budget	Actual	Over/ (Under) Budget	Budget	Actual	Over/ (Under) Budget
<b>Revenues</b>						
Intergovernmental Revenue - State	\$ 78,000	\$ 140,914	\$ 62,914	\$ -	\$ -	\$ -
Taxes	2,670,000	2,620,447	(49,553)	756,000	828,221	72,221
Licenses and Permits	370,000	443,713	73,713	-	-	-
Grant Revenue	-	-	-	-	-	-
Fees, Fines and Forfeitures	140,400	204,140	63,740	-	-	-
Other	264,600	601,546	336,946	8,500	5,072	(3,428)
Interest and Dividends	8,000	44,441	36,441	3,500	5,038	1,538
Charges for Services	704,000	725,976	21,976	-	-	-
<b>Total Revenue</b>	<b>4,235,000</b>	<b>4,781,177</b>	<b>546,177</b>	<b>768,000</b>	<b>838,331</b>	<b>70,331</b>
<b>Expenses</b>						
Administrative	1,661,700	2,242,048	580,348	\$ -	\$ -	-
Capital Outlay	-	-	-	102,000	256,645	154,645
Fire	142,000	114,709	(27,291)	-	-	-
Highways and Streets	-	-	-	689,600	668,074	(21,526)
Law Enforcement	1,410,600	1,334,703	(75,897)	-	-	-
Museum	-	-	-	-	-	-
<b>Total Expenses</b>	<b>3,214,300</b>	<b>3,691,460</b>	<b>477,160</b>	<b>791,600</b>	<b>924,719</b>	<b>133,119</b>
<b>Revenues In Excess of (Less Than) Expenses</b>	<b>1,020,700</b>	<b>1,089,716</b>	<b>69,016</b>	<b>(23,600)</b>	<b>(86,388)</b>	<b>(62,788)</b>
<b>Other Financing Sources (Uses)</b>						
Operating Transfer In	-	-	-	-	-	-
Operating Transfer Out	(1,148,000)	(1,933,549)	(785,549)	-	(127,000)	(127,000)
Other Gain (Loss)	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,148,000)</b>	<b>(1,933,549)</b>	<b>(785,549)</b>	<b>-</b>	<b>(127,000)</b>	<b>(127,000)</b>
	<b>\$ (127,300)</b>	<b>\$ (843,833)</b>	<b>\$ (716,533)</b>	<b>\$ (23,600)</b>	<b>\$ (213,388)</b>	<b>\$ (189,788)</b>

See Independent Auditor's Report and Notes to Financial Statements.

**CITY OF BERRYVILLE, ARKANSAS**  
**COMBINING STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION**  
**PROPRIETARY FUNDS - MODIFIED ACCRUAL BASIS**  
**AS OF DECEMBER 31, 2023**

**ASSETS**

	Water and Waste Water	Community Center	Total
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 608,371	\$ 82,603	\$ 690,974
Investments - Certificates of Deposit	327,314	-	327,314
Accounts Receivable	363,886	-	363,886
Inter-fund Transfers Receivable	-	-	-
<b>Total Current Assets</b>	<b>1,299,571</b>	<b>82,603</b>	<b>1,382,174</b>
<b>Restricted and Committed Assets</b>			
Cash and Cash Equivalents	1,014,343	-	1,014,343
Investments - Certificates of Deposit	149,820	-	149,820
Investments - Brokerage Account	-	-	-
<b>Total Restricted Assets</b>	<b>1,164,163</b>	<b>-</b>	<b>1,164,163</b>
<b>Property and Equipment, Net</b>	<b>17,133,240</b>	<b>-</b>	<b>17,133,240</b>
<b>Other Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 19,596,974</b>	<b>\$ 82,603</b>	<b>\$ 19,679,577</b>

**LIABILITIES AND NET POSITION**

<b>Current Liabilities</b>			
Accounts Payable	\$ 142,740	\$ -	\$ 142,740
Inter-fund Transfers Payable	-	-	-
Accrued Interest	-	-	-
Payroll and Related Taxes Payable	-	12,890	12,890
Sales Tax Payable	13,115	-	13,115
Current Portion of Long-Term Debt	337,950	-	337,950
<b>Total Current Liabilities</b>	<b>493,805</b>	<b>12,890</b>	<b>506,695</b>
<b>Current Liabilities Payable from Restricted Assets</b>			
Customer Meter Deposits	85,901	-	85,901
<b>Total Current Liabilities from Restricted Assets</b>	<b>85,901</b>	<b>-</b>	<b>85,901</b>
<b>Long-Term Debt</b>			
Revenue Bonds Payable	4,338,714	-	4,338,714
<b>Total Long-Term Liabilities</b>	<b>4,338,714</b>	<b>-</b>	<b>4,338,714</b>
<b>Total Liabilities</b>	<b>4,918,420</b>	<b>12,890</b>	<b>4,931,310</b>
<b>Net Position</b>			
Restricted	1,078,262	-	1,078,262
Assigned	-	-	-
Unrestricted Net Position	7,918,008	69,713	7,987,721
Contributions and Grants	5,682,284	-	5,682,284
<b>Total Net Position</b>	<b>14,678,554</b>	<b>69,713</b>	<b>14,748,267</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 19,596,974</b>	<b>\$ 82,603</b>	<b>\$ 19,679,577</b>

See Independent Auditor's Report and Notes to Financial Statements.

**CITY OF BERRYVILLE, ARKANSAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS - MODIFIED ACCRUAL BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Waste and Waste Water</u>	<u>Community Center</u>	<u>Total Proprietary</u>
<b>Revenues</b>			
Charges for Services	\$ 3,213,849	\$ 219,049	\$ 3,432,898
<b>Total Operating Revenue</b>	<u>3,213,849</u>	<u>219,049</u>	<u>3,432,898</u>
<b>Expenses</b>			
Operating Expenses	3,096,562	805,469	3,902,031
Depreciation	759,331	-	759,331
<b>Total Expenses</b>	<u>3,855,893</u>	<u>805,469</u>	<u>4,661,362</u>
<b>Operating Income (Loss)</b>	<u>(642,044)</u>	<u>(586,420)</u>	<u>(1,228,464)</u>
<b>Non-Operating Revenues (Expenses)</b>			
Interest Income	47,415	513	47,928
Sales Tax Revenue	657,553		657,553
Grant Revenue	-	2,628	2,628
Other Income	28,616	-	28,616
Bond Interest	(129,266)	-	(129,266)
Prior Period Asset Adjustment	494,335	-	494,335
Transfers In (Out)	353,457	485,000	838,457
<b>Total Non-Operating Revenues (Expenses)</b>	<u>1,452,110</u>	<u>488,141</u>	<u>1,940,251</u>
<b>Net Income (Loss)</b>	<b>810,066</b>	<b>(98,279)</b>	<b>711,787</b>
<b>Net Position, Beginning of Year</b>	<u>13,868,488</u>	<u>167,992</u>	<u>14,036,480</u>
<b>Net Position, End of Year</b>	<u><u>\$ 14,678,554</u></u>	<u><u>\$ 69,713</u></u>	<u><u>\$ 14,748,267</u></u>

See Independent Auditor's Report and Notes to Financial Statements

CITY OF BERRYVILLE, ARKANSAS  
 COMBINING STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
 ALL OTHER FUNDS IN THE AGGREGATE  
 MODIFIED ACCRUAL BASIS  
 AS OF DECEMBER 31, 2023

	Saunders Museum Fund	Cemetery Fund	Rural Fire Fund	Park Commission Fund	Industrial Park Fund	Tourism Commission Fund	Swimming Pool Fund	Thomas Estate Cemetery Trust	Debt Service Fund	Total All Other Funds
<b>Assets</b>										
Cash and Cash Equivalents	\$ 81,289	\$ 208,157	\$ 187,904	\$ 4,863	\$ 89,043	\$ 67,962	1,163	\$ 3,299	\$ -	\$ 643,680
Investments - Certificates of Deposit	77,303	-	-	-	-	-	-	-	-	77,303
Accounts Receivable	2,952	2,436	-	2,952	-	2,437	-	-	-	10,777
Restricted and Committed Assets	-	-	-	-	-	-	-	-	-	-
Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-	-
Investments - Certificates of Deposit	-	-	-	-	-	-	-	-	-	-
Investments - Brokerage Account	-	-	-	-	-	-	-	-	302,543	302,543
Investments - Industrial Park Land	-	-	-	-	77,917	-	-	-	-	77,917
<b>Total Assets</b>	<b>\$ 161,544</b>	<b>\$ 210,593</b>	<b>\$ 187,904</b>	<b>\$ 7,815</b>	<b>\$ 166,960</b>	<b>\$ 70,399</b>	<b>\$ 1,163</b>	<b>\$ 3,299</b>	<b>\$ 302,543</b>	<b>\$ 1,112,220</b>
<b>Liabilities and Fund Balance</b>										
<b>Liabilities</b>										
Accounts Payable	\$ -	\$ -	\$ -	\$ 6,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,459
Payroll and Related Taxes Payable	-	-	-	-	-	-	-	-	-	-
Sales Tax Payable	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,459</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,459</b>
<b>Fund Balance</b>										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	187,904	-	77,917	-	-	3,299	-	269,120
Committed	161,544	210,593	-	1,356	89,043	70,399	1,163	-	302,543	836,641
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total Fund Balance</b>	<b>161,544</b>	<b>210,593</b>	<b>187,904</b>	<b>1,356</b>	<b>166,960</b>	<b>70,399</b>	<b>1,163</b>	<b>3,299</b>	<b>302,543</b>	<b>1,105,761</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 161,544</b>	<b>\$ 210,593</b>	<b>\$ 187,904</b>	<b>\$ 7,815</b>	<b>\$ 166,960</b>	<b>\$ 70,399</b>	<b>\$ 1,163</b>	<b>\$ 3,299</b>	<b>\$ 302,543</b>	<b>\$ 1,112,220</b>

See Independent Auditor's Report and Notes to Financial Statements.

CITY OF BERRYVILLE, ARKANSAS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES  
 ALL OTHER FUNDS IN THE AGGREGATE  
 MODIFIED ACCRUAL BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Saunders Museum Fund	Cemetery Fund	Rural Fire Fund	Park Commission Fund	Industrial Park Fund	Tourism Commission Fund	Swimming Pool Fund	Thomas Estate Cemetery Trust	Debt Service Fund	Total All Other Funds
<b>Revenues</b>										
Taxes	\$ -	\$ 12,269	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,269
Grant Revenue	2,500	-	-	14,555	127,659	-	-	-	-	144,714
Other	187	7,578	25,350	11,558	154,528	-	-	-	-	199,201
Interest and Dividends	739	1,049	2,177	54	217	288	17	16	-	4,557
Charges for Services	6,791	-	-	111,493	-	-	19,501	-	-	137,785
<b>Total Revenue</b>	<b>10,217</b>	<b>20,896</b>	<b>27,527</b>	<b>137,660</b>	<b>282,404</b>	<b>288</b>	<b>19,518</b>	<b>16</b>	<b>-</b>	<b>498,526</b>
<b>Expenses</b>										
Rural Fire	-	-	27,228	-	-	-	-	-	-	27,228
Cemetery	-	38,200	-	-	-	-	-	-	-	38,200
Debt Service	-	-	-	-	-	-	-	-	603,758	603,758
Industrial Park	-	-	-	-	1,084,551	-	-	-	-	1,084,551
Museum	63,842	-	-	-	-	-	-	-	-	63,842
Parks and Recreation	-	-	-	415,548	-	-	-	-	-	415,548
Swimming Pool	-	-	-	-	-	-	59,245	-	-	59,245
Tourism	-	-	-	-	-	7,957	-	-	-	7,957
<b>Total Expenses</b>	<b>63,842</b>	<b>38,200</b>	<b>27,228</b>	<b>415,548</b>	<b>1,084,551</b>	<b>7,957</b>	<b>59,245</b>	<b>-</b>	<b>603,758</b>	<b>2,300,329</b>
<b>Revenues In Excess of (Less Than) Expenses</b>	<b>(53,625)</b>	<b>(17,304)</b>	<b>299</b>	<b>(277,888)</b>	<b>(802,147)</b>	<b>(7,669)</b>	<b>(39,727)</b>	<b>16</b>	<b>(603,758)</b>	<b>(1,801,803)</b>
<b>Other Financing Sources (Uses)</b>										
Sales Tax Revenue	55,829	28,876	-	55,829	-	28,876	-	-	636,788	806,198
Operating Transfer In	-	-	-	207,050	864,042	-	38,000	-	-	1,109,092
Operating Transfer Out	-	(10,000)	-	-	-	-	-	-	-	(10,000)
Bond Proceeds Received	-	-	-	-	-	-	-	-	-	-
Bond Issue Costs	-	-	-	-	-	-	-	-	-	-
Other Gain (Loss)	-	-	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>55,829</b>	<b>18,876</b>	<b>-</b>	<b>262,879</b>	<b>864,042</b>	<b>28,876</b>	<b>38,000</b>	<b>-</b>	<b>636,788</b>	<b>1,905,290</b>
<b>Revenues In Excess of (Less Than) Expenses and Other Sources (Uses)</b>	<b>2,204</b>	<b>1,572</b>	<b>299</b>	<b>(15,009)</b>	<b>61,895</b>	<b>21,207</b>	<b>(1,727)</b>	<b>16</b>	<b>33,030</b>	<b>103,487</b>
<b>Fund Balance</b>										
Beginning of Year	159,340	209,021	187,605	16,365	105,065	49,192	2,890	3,283	269,513	1,002,274
End of Year	\$ 161,544	\$ 210,593	\$ 187,904	\$ 1,356	\$ 166,960	\$ 70,399	\$ 1,163	\$ 3,299	\$ 302,543	\$ 1,105,761

See Independent Auditor's Report and Notes to Financial Statements.

**CITY OF BERRYVILLE, ARKANSAS**  
**COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**  
**TRUST FUNDS - MODIFIED ACCRUAL BASIS**  
**AS OF DECEMBER 31, 2023**

	<u>Local Firemen's Retirement</u>	<u>Local Police Retirement</u>	<u>Total Trust Funds</u>
<b>Assets</b>			
Restricted Assets			
Cash and Cash Equivalents	\$ 2,987	\$ 16,671	\$ 19,658
Investments - Certificates of Deposit	-	-	-
Investments - Brokerage Account	-	-	-
<b>Total Assets</b>	<u><u>\$ 2,987</u></u>	<u><u>\$ 16,671</u></u>	<u><u>\$ 19,658</u></u>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable	\$ -	\$ -	\$ -
Inter-fund Transfers Payable	-	-	-
Accrued Interest	-	-	-
Payroll and Related Taxes Payable	-	-	-
<b>Total Liabilities</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Fund Balance</b>			
Nonspendable	-	-	-
Restricted	2,987	16,671	19,658
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Unrestricted Net Position of Proprietary Funds	-	-	-
Contributed Fund Balance	-	-	-
<b>Total Fund Balance</b>	<u><u>2,987</u></u>	<u><u>16,671</u></u>	<u><u>19,658</u></u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 2,987</u></u>	<u><u>\$ 16,671</u></u>	<u><u>\$ 19,658</u></u>

See Independent Auditor's Report and Notes to Financial Statements.

**CITY OF BERRYVILLE, ARKANSAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES**  
**TRUST FUNDS - MODIFIED ACCRUAL BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Local Firemen's Retirement	Local Police Retirement	Total Trust Funds
<b>Revenues</b>			
Act 1373 Funds	\$ -	\$ -	\$ -
Interest and Dividends	18	37	55
Charges for Services	-	-	-
<b>Total Revenue</b>	<b>18</b>	<b>37</b>	<b>55</b>
<b>Expenses</b>			
Administrative	-	-	-
Payments to Beneficiaries	1,174	121,656	122,830
<b>Total Expenses</b>	<b>1,174</b>	<b>121,656</b>	<b>122,830</b>
<b>Revenues In Excess of (Less Than) Expenses</b>	<b>(1,156)</b>	<b>(121,619)</b>	<b>(122,775)</b>
<b>Other Financing Sources (Uses)</b>			
Operating Transfer In	-	123,000	123,000
Operating Transfer Out	-	-	-
Transfer to State of Arkansas	-	-	-
Other Gain (Loss)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>123,000</b>	<b>123,000</b>
<b>Revenues In Excess of (Less Than) Expenses and Other Sources (Uses)</b>	<b>(1,156)</b>	<b>1,381</b>	<b>225</b>
<b>Fund Balance</b>			
<b>Beginning of Year</b>	<b>4,143</b>	<b>15,290</b>	<b>19,433</b>
<b>End of Year</b>	<b>\$ 2,987</b>	<b>\$ 16,671</b>	<b>\$ 19,658</b>

See Indendent Auditor's Report and Notes to Financial Statements.

**CITY OF BERRYVILLE, ARKANSAS**  
**SCHEDULE OF CAPITAL ASSETS**  
**AS OF DECEMBER 31, 2023**

	2022	Additions	Deletions	2023
<b>General Government</b>				
Land	\$ 236,123	\$ 75,000	\$ -	\$ 311,123
Buildings	217,235	470,497	-	687,732
Improvements Other than Buildings	65,649	-	-	65,649
Equipment	175,292	-	-	175,292
Total General Government	694,299	545,497	-	1,239,796
<b>Public Safety</b>				
Law Enforcement				
Equipment	951,730	-	-	951,730
Buildings	646,263	119,991	-	766,254
Animal Control				
Building and Improvements	32,949	-	-	32,949
Equipment'	54,416	-	-	54,416
Fire				
Land	35,280	-	-	35,280
Buildings and Equipment	1,908,194	-	-	1,908,194
Total Public Safety	3,628,832	119,991	-	3,748,823
<b>Streets</b>				
Streets and Bridges	10,988,764	256,645	-	11,245,409
Parking Lots and Improvements	362,374	-	-	362,374
Equipment	439,179	-	-	439,179
Buildings	8,392	-	-	8,392
Total Streets	11,798,709	256,645	-	12,055,354
<b>Museum</b>				
Buildings	159,172	-	-	159,172
Improvements Other than Buildings	240,553	-	-	240,553
Equipment	15,464	-	-	15,464
Total Museum	415,189	-	-	415,189
<b>Recreation</b>				
Park Land	59,000	-	-	59,000
Buildings	236,689	-	-	236,689
Improvements Other than Buildings	3,250,911	38,480	-	3,289,391
Equipment	93,051	-	-	93,051
Total Recreation	3,639,651	38,480	-	3,678,131
<b>Cemetery</b>				
Land	88,418	-	-	88,418
Improvements Other than Buildings	162,718	302,584	-	465,302
Equipment	3,500	-	-	3,500
Cemetery	254,636	302,584	-	557,220
<b>Industrial Park</b>				
Land	90,080	450,552	-	540,632
Improvements	3,295,986	615,257	-	3,911,243
Equipment	13,766	-	-	13,766
Industrial Park	3,399,832	1,065,809	-	4,465,641
<b>Municipal Court</b>				
Leasehold Improvements	6,583	-	-	6,583
Equipment	8,785	-	-	8,785
Total Municipal Court	15,368	-	-	15,368
<b>Recycling</b>				
Equipment	21,099	-	-	21,099
Total Recycling	21,099	-	-	21,099

See Independent Auditor's Report and Notes to Financial Statements.



**CITY OF BERRYVILLE, ARKANSAS**  
**SCHEDULE OF CAPITAL ASSETS**  
**AS OF DECEMBER 31, 2023**

	2022	Additions	Deletions	2023
<b>Tourism</b>				
Miscellaneous Assets	17,311	-		17,311
Total Tourism	17,311	-	-	17,311
<b>Child Care Project</b>				
Buildings	199,005	-	-	\$ 199,005
Total Child Care Project	199,005	-	-	199,005
<b>Armory Building</b>				
Buildings	1,004,482	-	-	\$ 1,004,482
Total Armory Building	1,004,482	-	-	1,004,482
<b>Community Center</b>				
Land	429,093	-	-	429,093
Plant and Property	4,820,012	-	-	4,820,012
Equipment	69,210	11,053	-	80,263
Total Community Center	5,318,315	11,053	-	5,329,368
<b>Swimming Pool</b>				
Plant and Property	348,762	-	-	348,762
Machinery and Equipment	40,629	-	-	40,629
Total Swimming Pool	389,391	-	-	389,391
<b>Total General Fixed Assets</b>	<u>\$ 30,796,119</u>	<u>\$ 2,340,059</u>	<u>\$ -</u>	<u>\$ 33,136,178</u>
<b>Water Department</b>				
Land	\$ 112,334	\$ -	\$ -	\$ 112,334
Buildings	125,193	-	-	125,193
Water Lines and Systems	17,120,270	23,765	-	17,144,035
Machinery and Equipment	380,259	-	-	380,259
Total Water Department	17,738,056	23,765	-	17,761,821
Less Depreciation	(6,393,966)	(369,950)	-	(6,763,916)
Water Department, Net	11,344,090	(346,185)	-	10,997,905
<b>Waste Water Department</b>				
Land	38,959	-	-	38,959
Buildings	22,614	-	-	22,614
Property and Plant	7,679,900	641,258	-	8,321,158
Machinery and Equipment	810,668	-	-	810,668
Waste Water Treatment Plant	6,694,614	-	-	6,694,614
Total Waste Water Department	15,246,755	641,258	-	15,888,013
Less Depreciation	(9,363,298)	(389,381)	-	(9,752,679)
Waste Water Department, Net	5,883,457	251,877	-	6,135,334
<b>Total Water and Waste Water Departments</b>	<u>\$ 17,227,547</u>	<u>\$ (94,307)</u>	<u>\$ -</u>	<u>\$ 17,133,240</u>
<b>Cost of Capital Assets - Summary</b>				
General Government	\$ 694,299	\$ 545,497	\$ -	\$ 1,239,796
Public Safety	3,628,832	119,991	-	3,748,823
Streets	11,798,709	256,645	-	12,055,354
Water and Waste Water	17,227,547	(94,307)	-	17,133,240
Other Funds in the Aggregate	14,674,279	1,417,926	-	16,092,205
<b>Total Cost All Funds and Departments</b>	<u>\$ 48,023,665</u>	<u>\$ 2,245,752</u>	<u>\$ -</u>	<u>\$ 50,269,417</u>

See Independent Auditor's Report and Notes to Financial Statements.

**CITY OF BERRYVILLE, ARKANSAS  
SCHEDULE OF BONDS OUTSTANDING  
AS OF DECEMBER 31, 2023**

**Water and Sewer Revenue Bonds Series 2020**

Year	Principal Payable	Int. Rate	Interest Payable	
	June 1st		June 1st	December 1st
2024	310,000	2.50%	38,363	38,362
2025	320,000	2.50%	34,738	34,737
2026	330,000	2.75%	31,468	31,487
2027	340,000	2.75%	27,484	23,066
2028	350,000	3.00%	23,066	18,518
2029 to 2032	1,425,000	3.00-2.00%	45,937	27,419
	-		-	-
	<u>\$ 3,075,000</u>		<u>\$ 201,056</u>	<u>\$ 173,589</u>

**Sales and Use Tax Bonds Series 2017**

Year	Principal Payable	Int. Rate	Interest Payable
	December 1st		
2024	495,000	2.00-3.00%	101,138
2025	505,000	2.00-3.00%	91,238
2026	515,000	2.00-3.00%	77,981
2027	530,000	2.00-3.00%	64,463
2028	545,000	2.00-3.00%	50,550
2029 thru 2030	1,140,000	2.00-3.00%	51,600
	-		-
	<u>\$ 3,730,000</u>		<u>\$ 436,970</u>

**Water and Sewer Revenue Bonds 2018**

Year	Principal Payable	Int. Rate	Interest Payable
	December 1st		
2024	27,950	2.75%	43,462
2025	28,779	2.75%	42,633
2026	29,461	2.75%	41,951
2027	30,281	2.75%	41,131
2028	31,125	2.75%	40,287
2029 thru 2033	169,118	2.75%	187,942
2034 thru 2038	194,015	2.75%	163,045
Therafter	1,090,935	2.75%	321,378
	<u>\$ 1,601,664</u>		<u>\$ 881,829</u>



## **CERTIFIED PUBLIC ACCOUNTANTS**

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

To the Honorable Mayor and Members of the City Council  
City of Berryville, Arkansas

I 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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Berryville, Arkansas (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise City of Berryville, Arkansas basic financial statements, and have issued my report thereon dated November 22, 2024.

#### **Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered City of Berryville, Arkansas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Berryville, Arkansas' internal control. Accordingly, I do not express an opinion on the effectiveness of City of Berryville, Arkansas' 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

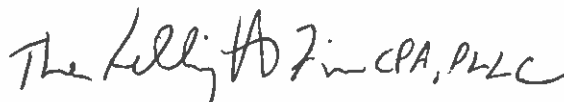
#### **Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



**The Killingsworth Firm CPA, PLLC**

November 22, 2024  
Berryville, Arkansas



## **CERTIFIED PUBLIC ACCOUNTANTS**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH ARKANSAS STATE REQUIREMENTS**

To the Honorable Mayor and Members of the City Council  
City of Berryville, Arkansas

I have examined management's assertions that the City of Berryville, Arkansas (the City) complied with the following Arkansas statutes during the year ended December 31, 2023.

Arkansas Code Ann. 14-58-101 requires the independent auditor to include, as a minimum and as an integral part of the annual financial report, a review and comment on substantial compliance with each of the following:

- a) Municipal Accounting Law of 1973 (14-59-101 et seq.)
- b) District Courts and City Courts Accounting Law (16-10-201 et seq.)
- c) Improvement contracts (22-9-202 to 22-9-204)
- d) Budgets, purchases and payment of claims, etc. (14-58-201 et seq. and 14-58-301 et seq.)
- e) Investment of public funds (19-1-501 et seq.)
- f) Deposit of public funds (19-8-101 through 19-8-107)

Management is responsible for the City's compliance with those requirements. My responsibility is to express an opinion on the City's compliance based on my examination.

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

In my opinion, the City of Berryville, Arkansas complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2023.

This report is intended solely for the information and use of the governing body, management and the State of Arkansas, and is not intended to be and should not be used by anyone other than these specific parties.

*The Killingsworth Firm CPA, PLLC*  
**The Killingsworth Firm CPA, PLLC**

November 22, 2024  
Berryville, Arkansas