

**City of Berryville
Berryville, Arkansas**

**Financial Statements
December 31, 2021**

**RECEIVED
JAN 3 2023
ARKANSAS LEGISLATIVE AUDIT**

**CITY OF BERRYVILLE, ARKANSAS
FINANCIAL STATEMENTS - MODIFIED ACCRUAL BASIS
DECEMBER 31, 2021**

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
<i>Basic Financial Statements</i>	
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
<i>Required Supplementary Information</i>	
Statement of Revenues and Expenses – Budget to Actual – General and Street Funds – Modified Accrual Basis	15
<i>Supplementary Information</i>	
Combining Balance Sheet Proprietary Funds – Modified Accrual Basis	16
Combining Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds – Modified Accrual Basis	17
Combining Balance Sheet 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
<i>Other Reports</i>	
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

THE
KILLINGSWORTH FIRM
CPA • PLLC
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, 2021, 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 respective 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 fund information of the City of Berryville, Arkansas, as of December 31, 2021, and the respective changes in financial position – modified accrual basis, thereof 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 Balance Sheet Proprietary Funds – Modified Accrual Basis, Combining Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds – Modified Accrual Basis, Combining Balance Sheet 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 Balance Sheet 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.


The Killingsworth Firm CPA, PLLC

December 22, 2022
Berryville, Arkansas

CITY OF BERRYVILLE, ARKANSAS
COMBINED STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
MODIFIED ACCRUAL BASIS
AS OF DECEMBER 31, 2021

	General Fund	Street Fund	Proprietary Funds	Other Funds in the Aggregate	Trust Funds	Total
Assets						
Cash and Cash Equivalents	\$ 1,446,781	\$ 698,932	\$ 868,645	\$ 436,070	\$ -	\$ 3,450,428
Investments - Certificates of Deposit	516,324	-	551,402	17,000	-	1,084,726
Accounts Receivable	127,935	40,327	305,055	8,856	-	482,173
Inter-fund Transfers Receivable	65,880	-	-	-	-	65,880
Restricted and Committed Assets	-	-	-	-	-	-
Cash and Cash Equivalents	5,592	-	65,091	167,060	47,269	285,012
Investments - Certificates of Deposit	-	-	-	104,512	-	104,512
Investments - Brokerage Account	-	1,183,852	402,190	524,830	-	2,110,872
Property and Equipment, Net	-	-	17,241,847	-	-	17,241,847
Investments - Industrial Park Land	-	-	-	77,917	-	77,917
Other Assets	-	-	-	-	-	-
Total Assets	\$ 2,162,512	\$ 1,923,111	\$ 19,434,230	\$ 1,336,245	\$ 47,269	\$ 24,903,367
Liabilities and Fund Balance						
Liabilities						
Accounts Payable	\$ 3,698	\$ 7,977	\$ 91,155	\$ 377	\$ -	\$ 103,207
Inter-fund Transfers Payable	-	-	65,880	-	-	65,880
Accrued Interest	-	-	-	-	-	-
Payroll and Related Taxes Payable	11,837	1,521	4,563	1,967	-	19,888
Sales Tax Payable	-	-	18,374	-	-	18,374
Current Liabilities Payable from Restricted Assets	-	-	-	-	-	-
Customer Meter Deposits	-	-	103,610	-	-	103,610
Revenue Bonds Payable	-	-	5,320,179	-	-	5,320,179
Total Liabilities	15,535	9,498	5,603,761	2,344	-	5,631,138
Fund Balance						
Nonspendable	-	-	-	77,917	-	77,917
Restricted	-	1,183,852	467,281	796,402	47,269	2,494,804
Committed	-	-	-	459,582	-	459,582
Assigned	-	-	-	-	-	-
Unassigned	2,146,977	729,761	-	-	-	2,876,738
Unrestricted Net Position of Proprietary Funds	-	-	7,680,904	-	-	7,680,904
Contributed Fund Balance	-	-	5,682,284	-	-	5,682,284
Total Fund Balance	2,146,977	1,913,613	13,830,469	1,333,901	47,269	19,272,229
Total Liabilities and Fund Balance	\$ 2,162,512	\$ 1,923,111	\$ 19,434,230	\$ 1,336,245	\$ 47,269	\$ 24,903,367

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, 2021

	General Fund	Street Fund	Proprietary Funds	Other Funds in the Aggregate	Trust Funds	Total
Revenues						
Intergovernmental Revenue - State	\$ 163,214	\$ 448,035	\$ -	\$ 34,599	\$ -	\$ 645,848
Taxes	88,068	116,111	-	-	-	204,179
Licenses and Permits	362,680	-	-	-	-	362,680
Grant Revenue	649,930	-	1,183,186	157,537	-	1,990,653
Fees, Fines and Forfeitures	166,066	-	-	-	-	166,066
Other	248,959	2,689	127,844	333,679	-	713,171
Interest and Dividends	11,530	12,467	12,225	3,300	197	39,719
Charges for Services	622,155	-	3,102,851	156,358	-	3,881,364
Total Revenue	2,312,602	579,302	4,426,106	685,473	197	8,003,680
Expenses						
Administrative	1,281,483	-	-	-	-	1,281,483
Rural Fire	-	-	-	13,596	-	13,596
Cemetery	-	-	-	12,453	-	12,453
Debt Service	-	-	-	594,702	-	594,702
Fire	127,911	-	-	-	-	127,911
Highways and Streets	-	520,468	-	-	-	520,468
Industrial Park	-	-	-	400,290	-	400,290
Law Enforcement	1,048,231	-	-	-	-	1,048,231
Museum	-	-	-	54,848	-	54,848
Parks and Recreation	-	-	-	1,033,543	-	1,033,543
Swimming Pool	-	-	-	51,884	-	51,884
Tourism	-	-	-	14,272	-	14,272
Retirement Plans	-	-	-	-	99,372	99,372
Proprietary	-	-	4,330,686	-	-	4,330,686
Total Expenses	2,457,625	520,468	4,330,686	2,175,588	99,372	9,583,739
Revenues in Excess of (Less Than) Expenses	(145,023)	58,834	95,420	(1,490,115)	(99,175)	(1,580,060)
Other Financing Sources (Uses)						
Sales Tax Revenue	2,059,272	178,830	207,923	725,949	-	3,171,974
Operating Transfer In	-	7,493	502,666	700,009	75,000	1,285,168
Operating Transfer Out	(1,270,167)	-	-	(15,000)	-	(1,285,167)
Transfer to State of Arkansas	-	-	-	-	-	-
Bond Proceeds Received	-	-	-	287,644	-	287,644
Bond Issue Costs	-	-	-	-	-	-
Debt Previously Shown As Financing Source	-	-	-	-	-	-
Other Gain (Loss)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	789,105	186,323	710,589	1,698,602	75,000	3,459,619
Revenues in Excess of (Less Than) Expenses and Other Sources (Uses)	644,082	245,157	806,009	208,487	(24,175)	1,879,560
Fund Balance						
Beginning of Year	1,502,895	1,668,456	13,024,460	1,125,414	71,444	17,392,669
End of Year	\$ 2,146,977	\$ 1,913,613	\$ 13,830,469	\$ 1,333,901	\$ 47,269	\$ 19,272,228

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

**CITY OF BERRYVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021**

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, 2021**

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.

	<u>Governmental Funds</u>	<u>Enterprise and Other Funds</u>	<u>Total</u>
Operating Transfers In	\$ --	\$ 1,285,168	\$ 1,285,168
Operating Transfers Out	(1,270,168)	(15,000)	(1,285,168)
	<u>\$ (1,270,168)</u>	<u>\$ 1,270,168</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, 2021, the amount of the guaranty was \$5,000,000. As of August 29, 2022 the guaranty was renewed at \$5,000,000, with an expiration date of August 31, 2023.

**CITY OF BERRYVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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	\$ 3,717,417	\$ 3,585,526
Guaranteed by standby letter of credit	1,339,153	1,339,153
Assets held in trust	2,110,872	2,110,872
Totals	<u>\$ 7,167,442</u>	<u>\$ 7,035,551</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	3,449,238
Certificates of deposit	<u>1,084,727</u>
Total unrestricted cash and certificates of deposit	<u>4,535,155</u>
Restricted cash	285,012
Certificates of deposit	104,512
Bond Funds	<u>2,110,872</u>
Total restricted cash and certificates of deposit	<u>2,500,396</u>
Total cash and certificates of deposit	<u>\$ 7,035,551</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, 2021 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, 2021**

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 one dollar and seventy-five cents (\$1.75) 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, 2021, the City contributed \$114,750 to the plan on a covered payroll of \$1,043,182.

CITY OF BERRYVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 - WATER AND SEWER RATES

Water and Sewer rates are set by City Ordinance. The rates in effect as of January 1, 2021 were as follows:

<u>Water Rates</u>	<u>Inside City Limits</u> <u>01/01/21</u>	<u>Outside City Limits</u> <u>01/01/21</u>
First 2,000 gallons	\$11.60	\$13.60 (existing) \$22.00 (expansion) minimum
Next 18,000 gallons	\$3.60	\$3.95 per 1,000 gallons
Next 80,000 gallons	\$3.35	\$3.70 per 1,000 gallons
Next 200,000 gallons	\$3.20	\$3.55 per 1,000 gallons
All usage in excess of 300,000 gallons	\$3.10	\$3.45 per 1,000 gallons
<u>Waste Water Rates</u>	<u>01/01/21</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 1st of June and December. Principal payments are due in varying amounts on the 1st of June.

\$ 3,665,000

Less Current Portion and Unamortized Bond Discount

290,000

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

\$ 3,375,000

Aggregate Maturities of the Series 2020 Bonds at December 31, 2021 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 290,000	\$ 92,225	\$ 382,225
2023	300,000	84,975	384,975
2024	310,000	76,725	386,725
2025	320,000	69,475	389,475
2026	330,000	62,975	392,975
2027 to 2029	1,050,000	145,875	1,195,875
2030 to 2032	1,065,000	19,887	1,084,887
Totals	\$ 3,665,000	<u>\$ 552,137</u>	<u>\$ 4,217,137</u>
Unamortized Discount	(0)		
Net Balance	<u>\$ 3,665,000</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, 2021 were \$98,350.

CITY OF BERRYVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 9 - LONG-TERM DEBT (CONTINUED)

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 1st of September, beginning September 1, 2018. There are sinking fund requirements for the bonds maturing in 2021 – 2030.

Year	Principal	Interest	Total
2022	\$ 475,000	\$ 120,338	\$ 595,338
2023	485,000	110,738	595,738
2024	495,000	101,138	596,138
2025	505,000	91,238	596,238
2026	515,000	77,981	592,981
2027 to 2030	2,215,000	166,613	2,381,613
Totals	<u>\$ 4,690,000</u>	<u>\$ 668,046</u>	<u>\$ 5,358,046</u>

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
2022	\$ 26,394	\$ 45,018	\$ 71,412
2023	27,121	44,291	71,412
2024	27,950	43,462	71,412
2025	28,779	42,633	71,412
2026	29,461	41,951	71,412
2027 to 2031	166,077	190,983	357,060
2032 to 2036	183,644	173,416	357,060
Thereafter	1,165,753	383,385	1,549,138
Totals	<u>\$ 1,655,179</u>	<u>\$ 965,139</u>	<u>\$ 2,620,318</u>

The aggregate maturities of all bonds outstanding as of December 31, 2021, are as follows:

Year	Principal	Interest	Total
2022	\$ 791,394	\$ 257,581	\$ 1,048,975
2023	812,121	240,004	1,052,125
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 to 2036	4,679,721	696,774	5,376,495
Thereafter	1,165,753	383,385	1,549,138
Totals	<u>\$ 10,010,179</u>	<u>\$ 2,185,322</u>	<u>\$ 12,195,501</u>

**CITY OF BERRYVILLE, ARKANSAS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 - LONG-TERM DEBT (CONTINUED)

The City of Berryville retired total debt in the amount of \$730,105 during 2021, Interest paid on the 2017 Sales and Use Tax Bond Series was \$138,738. Interest paid on the 2018 Water and Sewer Revenue Bonds was \$45,705.

Reconciliation of debt for the year ended December 31, 2021 is as follows:

	1/1/2021	Debt Issued	Debt Retired	12/31/2021
SERIES 2017 ST BONDS	\$ 5,155,000	\$ ---	\$ 465,000	\$ 4,690,000
SERIES 2018 WS BONDS	1,675,284	---	20,105	1,655,179
SERIES 2020 WS BONDS	<u>3,910,000</u>	<u>---</u>	<u>245,000</u>	<u>3,665,000</u>
	<u>\$10,740,284</u>	<u>\$ ---</u>	<u>\$ 730,105</u>	<u>\$ 10,010,179</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, 2021.

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 2021, 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, 2021

NOTE 13 – FUND BALANCE AND NET POSITION

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

	<u>General</u>	<u>Street Fund</u>	<u>Proprietary Funds</u>	<u>Other Funds and Trust Funds</u>
Nonspendable:				
Land	\$ -	\$ -	\$ -	\$ 77,917
Restricted:				
Fire, Police, Street	-	1,183,852	-	-
Industrial Park	-	-	-	70,578
Park Commission	-	-	-	86
Water and Wastewater	-	-	467,281	-
Bond Payment	-	-	--	524,744
Park Commission	--	--	--	---
Firemen's Pension & Relief	-	-	-	--
Local Firemen's Retirement	-	-	-	6,468
Local Police Retirement	-	-	-	64,976
Thomas Estate Cemetery Trust	-	-	-	3,249
Rural Fire Fund	-	-	-	197,745
Committed:				
Saunders Museum	-	-	-	188,782
Cemetery Fund	-	-	-	215,961
Park Commission Fund	-	-	-	12,239
Tourism Commission Fund	-	-	-	34,413
Industrial Park Fund	-	-	-	3,678
Swimming Pool	--	-	-	4,509
Capital Improvements Reserve	-	-	-	-
Unassigned:	2,146,977	729,761	-	--
Unrestricted Net Position	-	-	7,680,904	-
Contributed Equity	-	-	5,682,284	-
Total Fund Balance and Net Position	<u>\$ 2,146,977</u>	<u>\$ 1,913,613</u>	<u>\$ 13,830,469</u>	<u>\$ 1,405,345</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 was collected in January 2023 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, 2021**

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, 2021 was \$646,010, and accumulated depreciation at December 31, 2021 was \$14,660,605.

Changes in capital assets for the Water and Waste-Water Department for the year ended December 31, 2021 were as follows:

	1/1/2021	Additions	Deletions	12/31/2021
Land, Buildings, & Equipment	\$ 30,493,403	\$ 1,409,049	\$ ---	\$ 31,902,452
Accumulated Depreciation	<u>14,014,595</u>	<u>646,010</u>	<u>---</u>	<u>14,660,605</u>
	<u>\$ 16,478,808</u>	<u>\$ 763,039</u>	<u>\$ ---</u>	<u>\$ 17,241,847</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 December 22, 2022, 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, 2021
REQUIRED SUPPLEMENTARY INFORMATION

	General			Street Fund		
	Budget	Actual	Over/ (Under) Budget	Budget	Actual	Over/ (Under) Budget
Revenues						
Intergovernmental Revenue - State	\$ 124,000	\$ 163,214	\$ 39,214	\$ 385,000	\$ 448,035	\$ 63,035
Taxes	2,280,000	2,147,340	(132,660)	243,000	294,941	51,941
Licenses and Permits	16,500	362,680	346,180	-	-	-
Grant Revenue	-	649,930	649,930	-	-	-
Fees, Fines and Forfeitures	92,000	166,066	74,066	-	-	-
Other	194,700	248,959	54,259	8,000	2,689	(5,311)
Interest and Dividends	4,000	11,530	7,530	2,000	12,467	10,467
Charges for Services	603,000	622,155	19,155	-	-	-
Total Revenue	3,314,200	4,371,873	1,057,673	638,000	758,132	120,132
Expenses						
Administrative	1,159,300	1,281,483	122,183	\$ -	\$ -	-
Capital Outlay	-	-	-	92,000	65,703	(26,297)
Fire	130,100	127,911	(2,189)	-	-	-
Highways and Streets	-	-	-	618,800	454,765	(164,035)
Law Enforcement	1,129,400	1,048,231	(81,169)	-	-	-
Museum	-	-	-	-	-	-
Total Expenses	2,418,800	2,457,626	38,826	710,800	520,468	(190,332)
Revenues In Excess of (Less Than) Expenses	895,400	1,914,248	1,018,848	(72,800)	237,664	310,464
Other Financing Sources (Uses)						
Operating Transfer In	-	-	-	-	7,493	7,493
Operating Transfer Out	(1,225,000)	(1,270,167)	(45,167)	-	-	-
Other Gain (Loss)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(1,225,000)	(1,270,167)	(45,167)	-	7,493	7,493
	\$ (329,600)	\$ 644,081	\$ 973,681	\$ (72,800)	\$ 245,157	\$ 317,957

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

CITY OF BERRYVILLE, ARKANSAS
COMBINING BALANCE SHEET
PROPRIETARY FUNDS - MODIFIED ACCRUAL BASIS
AS OF DECEMBER 31, 2021

ASSETS

	Water and Waste Water	Community Center	Total
Current Assets			
Cash and Cash Equivalents	\$ 690,226	\$ 178,419	\$ 868,645
Investments - Certificates of Deposit	551,402	-	551,402
Accounts Receivable	305,055	-	305,055
Inter-fund Transfers Receivable	-	-	-
Total Current Assets	1,546,683	178,419	1,725,102
Restricted and Committed Assets			
Cash and Cash Equivalents	65,091	-	65,091
Investments - Certificates of Deposit	-	-	-
Investments - Brokerage Account	402,190	-	402,190
Total Restricted Assets	467,281	-	467,281
Property and Equipment, Net	17,241,847	-	17,241,847
Other Assets	-	-	-
Total Assets	\$ 19,255,811	\$ 178,419	\$ 19,434,230

LIABILITIES AND NET POSITION

Current Liabilities			
Accounts Payable	\$ 91,155	\$ -	\$ 91,155
Inter-fund Transfers Payable	65,880	-	65,880
Accrued Interest	-	-	-
Payroll and Related Taxes Payable	4,018	545	4,563
Sales Tax Payable	18,374	-	18,374
Current Portion of Long-Term Debt	316,394	-	316,394
Total Current Liabilities	495,821	545	496,366
Current Liabilities Payable from Restricted Assets			
Customer Meter Deposits	103,610	-	103,610
Total Current Liabilities from Restricted Assets	103,610	-	103,610
Long-Term Debt			
Revenue Bonds Payable	5,003,785	-	5,003,785
Total Long-Term Liabilities	5,003,785	-	5,003,785
Total Liabilities	5,603,216	545	5,603,761
Net Position			
Restricted	-	-	-
Assigned	-	-	-
Unrestricted Net Position	7,970,311	177,874	8,148,185
Contributions and Grants	5,682,284	-	5,682,284
Total Net Position	13,652,595	177,874	13,830,469
Total Liabilities and Net Position	\$ 19,255,811	\$ 178,419	\$ 19,434,230

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, 2021

	Waste and Waste Water	Community Center	Total Proprietary
Revenues			
Charges for Services	\$ 2,929,861	\$ 172,990	\$ 3,102,851
Total Operating Revenue	2,929,861	172,990	3,102,851
Expenses			
Operating Expenses	2,879,703	660,862	3,540,565
Depreciation	646,010	-	646,010
Total Expenses	3,525,713	660,862	4,186,575
Operating Income (Loss)	(595,852)	(487,872)	(1,083,724)
Non-Operating Revenues (Expenses)			
Interest Income	11,762	463	12,225
Sales Tax Revenue	207,923	-	207,923
Grant Revenue	1,183,186	-	1,183,186
Other Income	27,844	100,000	127,844
Bond Interest	(144,111)	-	(144,111)
Bond Cost Amortization	-	-	-
Bond Proceeds	-	-	-
Bond Issue Costs	-	-	-
Transfers In (Out)	10,520	492,146	502,666
Total Non-Operating Revenues (Expenses)	1,297,124	592,609	1,889,733
Net Income (Loss)	701,272	104,737	806,009
Net Position, Beginning of Year	12,951,323	73,137	13,024,460
Net Position, End of Year	\$ 13,652,595	\$ 177,874	\$ 13,830,469

See Independent Auditor's Report and Notes to Financial Statements

CITY OF BERRYVILLE, ARKANSAS
COMBINING BALANCE SHEET
ALL OTHER FUNDS IN THE AGGREGATE
MODIFIED ACCRUAL BASIS
AS OF DECEMBER 31, 2021

	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
Assets										
Cash and Cash Equivalents	\$ 168,830	\$ 214,485	\$ -	\$ 11,631	\$ 3,678	\$ 32,937	\$ 4,509	\$ -	\$ -	\$ 436,070
Investments - Certificates of Deposit	17,000	-	-	-	-	-	-	-	-	17,000
Accounts Receivable	2,952	1,476	-	2,952	-	1,476	-	-	-	8,856
Restricted and Committed Assets	-	-	-	-	-	-	-	-	-	-
Cash and Cash Equivalents	-	-	96,482	-	70,578	-	-	-	-	167,060
Investments - Certificates of Deposit	-	-	101,263	-	-	-	-	3,249	-	104,512
Investments - Brokerage Account	-	-	-	86	-	-	-	-	524,744	524,830
Investments - Industrial Park Land	-	-	-	-	77,917	-	-	-	-	77,917
Total Assets	\$ 188,782	\$ 215,961	\$ 197,745	\$ 14,669	\$ 152,173	\$ 34,413	\$ 4,509	\$ 3,249	\$ 524,744	\$ 1,336,245
Liabilities and Fund Balance										
Liabilities										
Accounts Payable	\$ -	\$ -	\$ -	\$ 377	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 377
Payroll and Related Taxes Payable	-	-	-	1,967	-	-	-	-	-	1,967
Sales Tax Payable	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	2,344	-	-	-	-	-	2,344
Fund Balance										
Nonspendable	-	-	-	-	77,917	-	-	-	-	77,917
Restricted	-	-	197,745	86	70,578	-	-	3,249	524,744	796,402
Committed	188,782	215,961	-	12,239	3,678	34,413	4,509	-	-	459,582
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	188,782	215,961	197,745	12,325	152,173	34,413	4,509	3,249	524,744	1,333,901
Total Liabilities and Fund Balance	\$ 188,782	\$ 215,961	\$ 197,745	\$ 14,669	\$ 152,173	\$ 34,413	\$ 4,509	\$ 3,249	\$ 524,744	\$ 1,336,245

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, 2021

	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
Revenues										
Taxes	\$ -	\$ 9,435	\$ -	\$ -	\$ -	\$ 25,164	\$ -	\$ -	\$ -	\$ 34,599
Grant Revenue	26,500	-	-	-	131,037	-	-	-	-	157,537
Other	100,198	100,291	109,707	13,956	9,479	-	-	48	-	333,679
Interest and Dividends	681	768	1,357	206	59	144	18	-	67	3,300
Charges for Services	7,268	17,000	-	110,230	-	-	21,860	-	-	156,358
Total Revenue	134,647	127,494	111,064	124,392	140,575	25,308	21,878	48	67	685,473
Expenses										
Rural Fire	-	-	13,596	-	-	-	-	-	-	13,596
Cemetery	-	12,453	-	-	-	-	-	-	-	12,453
Debt Service	-	-	-	-	-	-	-	-	594,702	594,702
Industrial Park	-	-	-	-	400,290	-	-	-	-	400,290
Museum	54,848	-	-	-	-	-	-	-	-	54,848
Parks and Recreation	-	-	-	1,033,543	-	-	-	-	-	1,033,543
Swimming Pool	-	-	-	-	-	-	51,884	-	-	51,884
Tourism	-	-	-	-	-	14,272	-	-	-	14,272
Total Expenses	54,848	12,453	13,596	1,033,543	400,290	14,272	51,884	-	594,702	2,175,588
Revenues In Excess of (Less Than) Expenses	79,799	115,041	97,468	(909,151)	(259,715)	11,036	(30,006)	48	(594,635)	(1,490,115)
Other Financing Sources (Uses)										
Sales Tax Revenue	50,328	25,164	-	50,328	-	-	-	-	600,129	725,949
Operating Transfer In	2,272	-	-	289,737	376,000	-	32,000	-	-	700,009
Operating Transfer Out	-	(15,000)	-	-	-	-	-	-	-	(15,000)
Bond Proceeds Received	-	-	-	287,644	-	-	-	-	-	287,644
Bond Issue Costs	-	-	-	-	-	-	-	-	-	-
Other Gain (Loss)	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	52,600	10,164	-	627,709	376,000	-	32,000	-	600,129	1,698,602
Revenues In Excess of (Less Than) Expenses and Other Sources (Uses)	132,399	125,205	97,468	(281,442)	116,285	11,036	1,994	48	5,494	208,487
Fund Balance										
Beginning of Year	56,383	90,756	100,277	293,767	35,888	23,377	2,515	3,201	519,250	1,125,414
End of Year	\$ 188,782	\$ 215,961	\$ 197,745	\$ 12,325	\$ 152,173	\$ 34,413	\$ 4,509	\$ 3,249	\$ 524,744	\$ 1,333,901

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, 2021

	<u>Local Firemen's Retirement</u>	<u>Local Police Retirement</u>	<u>Total Trust Funds</u>
Assets			
Restricted Assets			
Cash and Cash Equivalents	\$ 5,317	\$ 41,952	\$ 47,269
Investments - Certificates of Deposit	-	-	-
Investments - Brokerage Account	-	-	-
Total Assets	<u><u>\$ 5,317</u></u>	<u><u>\$ 41,952</u></u>	<u><u>\$ 47,269</u></u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ -	\$ -	\$ -
Inter-fund Transfers Payable	-	-	-
Accrued Interest	-	-	-
Payroll and Related Taxes Payable	-	-	-
Total Liabilities	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Fund Balance			
Nonspendable	-	-	-
Restricted	5,317	41,952	47,269
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Unrestricted Net Position of Proprietary Funds	-	-	-
Contributed Fund Balance	-	-	-
Total Fund Balance	<u><u>5,317</u></u>	<u><u>41,952</u></u>	<u><u>47,269</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 5,317</u></u>	<u><u>\$ 41,952</u></u>	<u><u>\$ 47,269</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, 2021

	Local Firemen's Retirement	Local Police Retirement	Total Trust Funds
Revenues			
Act 1373 Funds	\$ -	\$ -	\$ -
Interest and Dividends	29	168	197
Charges for Services	-	-	-
Total Revenue	29	168	197
Expenses			
Administrative	-	-	-
Payments to Beneficiaries	1,180	98,192	99,372
Total Expenses	1,180	98,192	99,372
Revenues In Excess of (Less Than) Expenses	(1,151)	(98,024)	(99,175)
Other Financing Sources (Uses)			
Operating Transfer In	-	75,000	75,000
Operating Transfer Out	-	-	-
Transfer to State of Arkansas	-	-	-
Other Gain (Loss)	-	-	-
Total Other Financing Sources (Uses)	-	75,000	75,000
Revenues In Excess of (Less Than) Expenses and Other Sources (Uses)	(1,151)	(23,024)	(24,175)
Fund Balance			
Beginning of Year	6,468	64,976	71,444
End of Year	\$ 5,317	\$ 41,952	\$ 47,269

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

CITY OF BERRYVILLE, ARKANSAS
SCHEDULE OF CAPITAL ASSETS
AS OF DECEMBER 31, 2021

	2020	Additions	Deletions	2021
General Government				
Land	\$ 163,688	\$ -	\$ -	\$ 163,688
Buildings	217,235	-	-	217,235
Improvements Other than Buildings	46,030	9,619	-	55,649
Equipment	134,915	-	-	134,915
Total General Government	561,868	9,619	-	571,487
Public Safety				
Law Enforcement				
Equipment	951,730	-	-	951,730
Buildings	226,290	-	-	226,290
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	3,208,859	-	-	3,208,859
Streets				
Streets and Bridges	10,606,048	65,703	-	10,671,751
Parking Lots and Improvements	362,374	-	-	362,374
Equipment	439,179	-	-	439,179
Buildings	8,392	-	-	8,392
Total Streets	11,415,993	65,703	-	11,481,696
Museum				
Buildings	159,172	-	-	159,172
Improvements Other than Buildings	240,553	-	-	240,553
Equipment	15,464	-	-	15,464
Total Museum	415,189	-	-	415,189
Recreation				
Park Land	59,000	-	-	59,000
Buildings	236,689	-	-	236,689
Improvements Other than Buildings	2,624,520	295,735	-	2,920,255
Equipment	93,051	-	-	93,051
Total Recreation	3,013,260	295,735	-	3,308,995
Cemetery				
Land	88,418	-	-	88,418
Improvements Other than Buildings	115,451	5,498	-	120,949
Equipment	3,500	-	-	3,500
Cemetery	190,981	5,498	-	212,867
Industrial Park				
Land	90,080	-	-	90,080
Improvements	446,876	55,619	-	502,495
Equipment	13,766	-	-	13,766
Industrial Park	379,013	55,619	-	606,341
Municipal Court				
Leasehold Improvements	6,583	-	-	6,583
Equipment	8,785	-	-	8,785
Total Municipal Court	15,368	-	-	15,368
Recycling				
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, 2021

	2020	Additions	Deletions	2021
Tourism				
Miscellaneous Assets	17,311	-	-	17,311
Total Tourism	<u>17,311</u>	<u>-</u>	<u>-</u>	<u>17,311</u>
Child Care Project				
Buildings	199,005	-	-	\$ 199,005
Total Child Care Project	<u>199,005</u>	<u>-</u>	<u>-</u>	<u>199,005</u>
Armory Building				
Buildings	1,004,482	-	-	\$ 1,004,482
Total Armory Building	<u>1,004,482</u>	<u>-</u>	<u>-</u>	<u>1,004,482</u>
Community Center				
Land	429,093	-	-	429,093
Plant and Property	4,626,851	21,371	-	4,648,222
Equipment	69,210	-	-	69,210
Total Community Center	<u>5,125,154</u>	<u>21,371</u>	<u>-</u>	<u>5,146,525</u>
Swimming Pool				
Plant and Property	348,762	-	-	348,762
Machinery and Equipment	40,629	-	-	40,629
Total Swimming Pool	<u>389,391</u>	<u>-</u>	<u>-</u>	<u>389,391</u>
Total General Fixed Assets	<u>\$ 25,956,972</u>	<u>\$ 453,546</u>	<u>\$ -</u>	<u>\$ 26,410,519</u>
Water Department				
Land	\$ 112,334	\$ -	\$ -	\$ 112,334
Buildings	125,193	-	-	125,193
Water Lines and Systems	14,946,532	1,175,642	-	16,122,174
Machinery and Equipment	380,259	-	-	380,259
Total Water Department	<u>15,564,318</u>	<u>1,175,642</u>	<u>-</u>	<u>16,739,960</u>
Less Depreciation	<u>(5,498,982)</u>	<u>(322,309)</u>	<u>-</u>	<u>(5,821,291)</u>
Water Department, Net	<u>10,065,336</u>	<u>853,333</u>	<u>-</u>	<u>10,918,669</u>
Waste Water Department				
Land	38,959	-	-	38,959
Buildings	22,614	-	-	22,614
Property and Plant	7,362,231	233,407	-	7,595,638
Machinery and Equipment	810,668	-	-	810,668
Waste Water Treatment Plant	6,694,614	-	-	6,694,614
Total Waste Water Department	<u>14,929,086</u>	<u>233,407</u>	<u>-</u>	<u>15,162,493</u>
Less Depreciation	<u>(8,515,613)</u>	<u>(323,701)</u>	<u>-</u>	<u>(8,839,314)</u>
Waste Water Department, Net	<u>6,413,473</u>	<u>(90,294)</u>	<u>-</u>	<u>6,323,179</u>
Total Water and Waste Water Departments	<u>\$ 16,478,809</u>	<u>\$ 763,039</u>	<u>\$ -</u>	<u>\$ 17,241,848</u>
Cost of Capital Assets - Summary				
General Government	\$ 561,868	\$ 9,619	\$ -	\$ 571,487
Public Safety	3,208,859	-	-	3,208,859
Streets	11,415,993	65,703	-	11,481,696
Water and Waste Water	16,478,809	763,039	-	17,241,848
Other Funds in the Aggregate	10,770,252	378,223	-	11,148,475
Total Cost All Funds and Departments	<u>\$ 42,435,781</u>	<u>\$ 1,216,584</u>	<u>\$ -</u>	<u>\$ 43,652,365</u>

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

**CITY OF BERRYVILLE, ARKANSAS
SCHEDULE OF BONDS OUTSTANDING
AS OF DECEMBER 31, 2021**

Water and Sewer Revenue Bonds Series 2020

Year	Principal Payable	Int. Rate	Interest Payable	
	June 1st		June 1st	December 1st
2022	290,000	2.50%	46,113	46,112
2023	300,000	2.50%	42,488	42,487
2024	310,000	2.75%	38,363	38,362
2025	320,000	2.75%	34,738	34,737
2026	330,000	3.00%	31,488	31,487
2027 to 2029	1,050,000	3.00-2.00%	72,938	72,937
2030 to 2032	1,065,000	2.125-2.375%	9,944	9,943
	-		-	-
	<u>\$ 3,665,000</u>		<u>\$ 276,072</u>	<u>\$ 276,065</u>

Sales and Use Tax Bonds Series 2017

Year	Principal Payable	Int. Rate	Interest Payable
	December 1st		
2022	475,000	2.00-3.00%	120,338
2023	485,000	2.00-3.00%	110,738
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 thru 2030	2,215,000	2.00-3.00%	166,613
	-		-
	<u>\$ 4,690,000</u>		<u>\$ 668,046</u>

Water and Sewer Revenue Bonds 2018

Year	Principal Payable	Int. Rate	Interest Payable
	December 1st		
2022	26,394	2.75%	45,018
2023	27,121	2.75%	44,291
2024	27,950	2.75%	43,462
2025	28,779	2.75%	42,633
2026	29,461	2.75%	41,951
2027 thru 2031	166,077	2.75%	190,983
2032 thru 2036	183,644	2.75%	173,416
Thereafter	1,165,753	2.75%	383,385
	<u>\$ 1,655,179</u>		<u>\$ 965,139</u>

See Independent Auditor's Report and Notes to Financial Statements

THE
KILLINGSWORTH FIRM
CPA • PLLC
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, 2021, 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 December 22, 2022.

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*.

City of Berryville, Arkansas

Page 2 of 2

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

December 22, 2022
Berryville, Arkansas

414 N. Springfield Street
Berryville, Arkansas 72616
870-423-3135
Fax: 870-423-7485
www.killingsworthfirm.com

THE
KILLINGSWORTH FIRM
CPA • PLLC
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, 2021.

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:

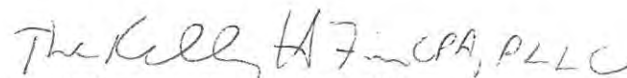
- a) Municipal Accounting Law of 1973 (14-59-101 et seq.)
- b) District Courts and City Courts Accounting Law (16-10-201 et seq.)
- c) Improvement contracts (22-9-202 to 22-9-204)
- d) Budgets, purchases and payment of claims, etc. (14-58-201 et seq. and 14-58-301 et seq.)
- e) Investment of public funds (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, 2021.

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

December 22, 2022
Berryville, Arkansas

414 N. Springfield Street
Berryville, Arkansas 72616
870-423-3135
Fax: 870-423-7485
www.killingsworthfirm.com