

**CITY OF GENTRY, ARKANSAS**

**REGULATORY BASIS  
FINANCIAL STATEMENTS  
AND OTHER REPORTS**

**December 31, 2022**

**CITY OF GENTRY, ARKANSAS**  
**TABLE OF CONTENTS**  
**For the Year Ended December 31, 2022**

| <b><u>Contents</u></b>   | <b><u>Page</u></b> |
|--|--------------------|
| Independent Auditor's Report .....   | 1-3                |
| Report on Internal Control Over Financial Reporting, Compliance and Other Matters, and Other<br>Issues Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i><br><i>Auditing Standards</i> ..... | 4-5                |
| Management Letter.....   | 6                  |
| <br>Regulatory Basis Financial Statements  |                    |
| Balance Sheet – Regulatory Basis .....   | 7                  |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Regulatory Basis .....   | 8                  |
| Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and<br>Actual – General and Street Funds – Regulatory Basis .....   | 9-10               |
| Notes to Financial Statements .....  | 11-20              |
| <br>Supplementary Information  |                    |
| Combining Balance Sheet – Other Funds In The Aggregate – Regulatory Basis .....  | 21-22              |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Funds<br>In The Aggregate – Regulatory Basis.....  | 23-26              |
| <br>Other Information  |                    |
| Schedule of Capital Assets (Unaudited).....  | 27                 |



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

**Report on the Audit of the Financial Statements**

**Opinions**

We have audited the regulatory basis financial statements of the City of Gentry, Arkansas (City), which are comprised the Balance Sheet – Regulatory Basis for the general fund, street fund, and other funds in the aggregate as of and for the years ended December 31, 2022 and 2021, and the related Statements of Revenues, Expenses, and Changes in Fund Balances and Budget and Actual – General and Street Funds – Regulatory Basis for the year then ended, and the related notes to the financial statements.

**Unmodified Opinions on Regulatory Basis of Accounting**

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of the general fund, street fund, and other funds in the aggregate of the City of Gentry, Arkansas as of December 31, 2022, and the regulatory basis revenues, expenditures, and changes in net position, and budgetary comparisons for the general fund and street fund for the year then ended in accordance with the financial reporting provisions of Arkansas Code Ann. § 10-4-412, as described in Note 1.

**Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matters discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” section of our report, the accompanying regulatory basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the general fund, street fund, and other funds in the aggregate of the City of Gentry, Arkansas, as of December 31, 2022, or the revenues, expenditures, and changes in net position and, where applicable, cash flows thereof for the year then ended.

**Basis for Opinions**

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

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

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

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

### **Emphasis of Matter**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Arkansas Code Ann. § 10-4-412, as described in Note 1, to meet the requirements of the State of Arkansas. 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 fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### **Supplementary Information**

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

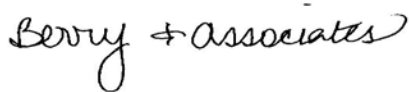
**Other Information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2023 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of the state constitution, laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Berry & Associates".

BERRY & ASSOCIATES, P.A.  
Little Rock, Arkansas  
May 5, 2023



**Berry & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

*American Institute of CPAs*

*Arkansas Society of CPAs*

*Texas Society of CPAs*

Page 4

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, And Other Issues  
Based On An Audit of Financial Statements Performed in Accordance With  
Government Auditing Standards**

**Independent Auditor's Report**

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

We have audited, 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, the accompanying regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of the City of Gentry, Arkansas, as of and for the year ended December 31, 2022, and the related notes to the financial statements, and have issued our report thereon dated May 5, 2023. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Arkansas Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and the other funds in the aggregate were unmodified.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described below as item 2022-1, that we consider to be a material weakness.

2022-1 To ensure the proper safeguarding of assets, financial accounting duties relating to initiating, receipting, depositing, disbursing, and recording transactions should be distributed among appropriate employees. The City officials, as specified in the Other Issues section of this report, did not segregate these duties to sufficiently reduce the risks of fraud or error and properly safeguard the City's assets, because of limited financial resources. We recommend that the financial accounting duties in each office be segregated among employees to the extent possible.

The City officials, as specified in the Other Issues section of this report, responded and indicated that their offices will segregate the duties relating to initiating, receipting, depositing, disbursing, and recording transactions to the extent possible with current staffing levels.

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**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the Report on Internal Control over Financial Reporting section as item 2022-1.

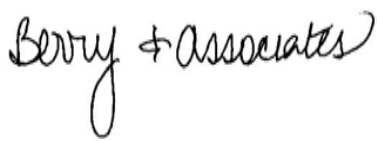
We also reported to management of the City in a separate letter dated May 5, 2023.

**City's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described previously. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

**Purpose of this Report**

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

A handwritten signature in cursive script that reads "Berry & Associates".

BERRY & ASSOCIATES, P.A.  
Little Rock, Arkansas  
May 5, 2023



**Berry & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

*American Institute of CPAs*

*Arkansas Society of CPAs*

*Texas Society of CPAs*

Page 6

## MANAGEMENT LETTER

### **City of Gentry, Arkansas Officials and Council Members Legislative Joint Auditing Committee**

The commentary contained in this letter relates to the following officials who held office during 2022:

Mayor: Kevin Johnston  
Finance Director: Tonya Carney  
City Clerk: Jenny Trout  
District Court Clerk: Peggy Gunter  
Police Chief: Clay Stewart

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

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

BERRY & ASSOCIATES, P.A.  
Little Rock, Arkansas  
May 5, 2023



**CITY OF GENTRY, ARKANSAS**  
**BALANCE SHEET – REGULATORY BASIS**  
**December 31, 2022**

|  | <u>General</u>                 | <u>Street</u>                  | <u>Other Funds in the<br/>Aggregate</u> |
|--|--------------------------------|--------------------------------|---|
| <b>ASSETS</b>                                  |                                |                                |   |
| Cash and cash equivalents                      | \$ 4,033,635                   | \$ 2,239,790                   | \$ 807,259                              |
| Investments                                    | <u>-</u>                       | <u>-</u>                       | <u>1,159,402</u>                        |
| Total Assets                                   | <u>\$ 4,033,635</u>            | <u>\$ 2,239,790</u>            | <u>\$ 1,966,661</u>                     |
| <br><b>LIABILITIES AND FUND BALANCES</b>       |                                |                                |   |
| Liabilities:                                   |                                |                                |   |
| Settlements pending                            | \$ <u>-</u>                    | \$ <u>-</u>                    | \$ <u>297</u>                           |
| <br>Fund balances:                             |                                |                                |   |
| Restricted                                     | -                              | 2,239,790                      | 1,966,364                               |
| Unassigned                                     | <u>4,033,635</u>               | <u>-</u>                       | <u>-</u>                                |
| Total Fund Balances                            | <u>4,033,635</u>               | <u>2,239,790</u>               | <u>1,966,364</u>                        |
| <br><b>TOTAL LIABILITIES AND FUND BALANCES</b> | <br><u><u>\$ 4,033,635</u></u> | <br><u><u>\$ 2,239,790</u></u> | <br><u><u>\$ 1,966,661</u></u>          |

**THE ACCOMPANYING NOTES ARE IN INTEGRAL PART OF THESE FINANCIAL STATEMENTS**

**CITY OF GENTRY, ARKANSAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**REGULATORY BASIS**  
**For the Year Ended December 31, 2022**

|  | General             | Street              | Other Funds in the<br>Aggregate |
|--|---------------------|---------------------|---------------------------------|
| <b>REVENUES</b>  |                     |                     |                                 |
| State turnback   | \$ 56,540           | \$ 327,216          | \$ -                            |
| Property taxes   | 377,953             | 74,225              | 23,549                          |
| Franchise taxes  | 189,458             | -                   | -                               |
| Sales taxes  | 1,734,241           | 569,243             | 569,243                         |
| Fines, forfeitures and costs   | 111,513             | -                   | 15,125                          |
| Donations  | 100,000             | -                   | -                               |
| Grants and contributions   | 641,850             | 57,572              | 23,500                          |
| Local permits and fees   | 48,575              | -                   | -                               |
| Interest and dividends   | 3,906               | 2,025               | 171,237                         |
| Other  | 179,564             | 9,635               | 92,474                          |
| <b>TOTAL REVENUES</b>  | <u>3,443,600</u>    | <u>1,039,916</u>    | <u>895,128</u>                  |
| <b>EXPENDITURES</b>  |                     |                     |                                 |
| Current:   |                     |                     |                                 |
| General government   | 763,978             | -                   | 43,815                          |
| Public safety  | 298,892             | -                   | 78,439                          |
| Law enforcement  | 872,488             | -                   | 12,712                          |
| Recreation and culture   | 77,574              | -                   | 142,545                         |
| Highways and streets   | 40,000              | 425,748             | -                               |
| Total Current  | <u>2,052,932</u>    | <u>425,748</u>      | <u>277,511</u>                  |
| Debt Service:  |                     |                     |                                 |
| Note principal   | -                   | -                   | 125,000                         |
| Note interest  | -                   | -                   | 163,650                         |
| Capital Outlay   | 429,167             | 27,102              | 270,735                         |
| <b>TOTAL EXPENDITURES</b>  | <u>2,482,099</u>    | <u>452,850</u>      | <u>836,896</u>                  |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b>                                  | <u>961,501</u>      | <u>587,066</u>      | <u>58,232</u>                   |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                     |                     |                                 |
| Transfers in   | 188,432             | -                   | 86,004                          |
| Transfers out  | (196,414)           | -                   | (188,432)                       |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>  | <u>(7,982)</u>      | <u>-</u>            | <u>(102,428)</u>                |
| <b>EXCESS OF REVENUES AND OTHER SOURCES OVER<br/>(UNDER) EXPENDITURES AND OTHER USES</b> | 953,519             | 587,066             | (44,196)                        |
| <b>FUND BALANCES - JANUARY 1</b>   | <u>3,080,116</u>    | <u>1,652,724</u>    | <u>2,010,560</u>                |
| <b>FUND BALANCES - DECEMBER 31</b>   | <u>\$ 4,033,635</u> | <u>\$ 2,239,790</u> | <u>\$ 1,966,364</u>             |

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS**

**CITY OF GENTRY, ARKANSAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – GENERAL AND STREET FUNDS - REGULATORY BASIS**  
**For the Year Ended December 31, 2022**

|                              | General             |                     |                                     | Street              |                   |                                     |
|------------------------------|---------------------|---------------------|-------------------------------------|---------------------|-------------------|-------------------------------------|
|                              | Budget              | Actual              | Variance Favorable<br>(Unfavorable) | Budget              | Actual            | Variance Favorable<br>(Unfavorable) |
| <b>REVENUES</b>              |                     |                     |                                     |                     |                   |                                     |
| State turnback               | \$ 50,000           | \$ 56,540           | \$ 6,540                            | \$ 285,000          | \$ 327,216        | \$ 42,216                           |
| Property taxes               | 300,000             | 377,953             | 77,953                              | 60,000              | 74,225            | 14,225                              |
| Franchise taxes              | 160,000             | 189,458             | 29,458                              | -                   | -                 | -                                   |
| Sales taxes                  | 1,600,000           | 1,734,241           | 134,241                             | 490,000             | 569,243           | 79,243                              |
| Fines, forfeitures and costs | 75,000              | 111,513             | 36,513                              | -                   | -                 | -                                   |
| Donations                    | -                   | 100,000             | 100,000                             | -                   | -                 | -                                   |
| Grants                       | 56,000              | 641,850             | 585,850                             | 39,000              | 57,572            | 18,572                              |
| Local permits and fees       | 107,800             | 48,575              | (59,225)                            | -                   | -                 | -                                   |
| Interest and dividends       | -                   | 3,906               | 3,906                               | -                   | 2,025             | 2,025                               |
| Other                        | 412,000             | 179,564             | (232,436)                           | 230,000             | 9,635             | (220,365)                           |
| <b>TOTAL REVENUES</b>        | <b>2,760,800</b>    | <b>3,443,600</b>    | <b>682,800</b>                      | <b>1,104,000</b>    | <b>1,039,916</b>  | <b>(64,084)</b>                     |
| <b>EXPENDITURES</b>          |                     |                     |                                     |                     |                   |                                     |
| Current:                     |                     |                     |                                     |                     |                   |                                     |
| General government           | 602,900             | 763,978             | (161,078)                           | -                   | -                 | -                                   |
| Public safety                | 527,500             | 298,892             | 228,608                             | -                   | -                 | -                                   |
| Law enforcement              | 1,225,750           | 872,488             | 353,262                             | -                   | -                 | -                                   |
| Recreation and culture       | 404,650             | 77,574              | 327,076                             | -                   | -                 | -                                   |
| Highways and streets         | -                   | 40,000              | -                                   | 1,104,000           | 425,748           | 678,252                             |
| Total Current                | 2,760,800           | 2,052,932           | 747,868                             | 1,104,000           | 425,748           | 678,252                             |
| Debt Service:                |                     |                     |                                     |                     |                   |                                     |
| Note principal               | -                   | -                   | -                                   | -                   | -                 | -                                   |
| Note interest                | -                   | -                   | -                                   | -                   | -                 | -                                   |
| Capital Outlay               | -                   | 429,167             | (429,167)                           | -                   | 27,102            | (27,102)                            |
| <b>TOTAL EXPENDITURES</b>    | <b>\$ 2,760,800</b> | <b>\$ 2,482,099</b> | <b>\$ 318,701</b>                   | <b>\$ 1,104,000</b> | <b>\$ 452,850</b> | <b>\$ 651,150</b>                   |

**CITY OF GENTRY, ARKANSAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**BUDGET AND ACTUAL – GENERAL AND STREET FUNDS - REGULATORY BASIS (continued)**  
**For the Year Ended December 31, 2022**

|  | General      |              |                                     | Street       |              |                                     |
|--|--------------|--------------|-------------------------------------|--------------|--------------|-------------------------------------|
|  | Budget       | Actual       | Variance Favorable<br>(Unfavorable) | Budget       | Actual       | Variance Favorable<br>(Unfavorable) |
| <b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>                                  | \$ -         | \$ 961,501   | \$ 1,001,501                        | \$ -         | \$ 587,066   | \$ 587,066                          |
| <b>OTHER FINANCING SOURCES (USES)</b>  |              |              |                                     |              |              |                                     |
| Transfers in   | -            | 188,432      | 188,432                             | -            | -            | -                                   |
| Transfers out  | -            | (196,414)    | (196,414)                           | -            | -            | -                                   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>  | -            | (7,982)      | (7,982)                             | -            | -            | -                                   |
| <b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b> | -            | 953,519      | 993,519                             | -            | 587,066      | 587,066                             |
| <b>FUND BALANCES - JANUARY 1</b>   | 3,080,116    | 3,080,116    | -                                   | 1,652,724    | 1,652,724    | -                                   |
| <b>FUND BALANCES - DECEMBER 31</b>   | \$ 3,080,116 | \$ 4,033,635 | \$ 993,519                          | \$ 1,652,724 | \$ 2,239,790 | \$ 587,066                          |

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS**

**CITY OF GENTRY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022**

**NOTE 1: Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

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

**B. Basis of Presentation – Regulatory**

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

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

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

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

General Fund – The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund heading as it appears in the financial statements includes the following account: General, Fire Department, and Police.

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

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

Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. See pages 19 – 22 for Special Revenue Funds as reported with other funds in the aggregate.

Pension Trust Funds – Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of pension plans. See pages 20, 23 and 24 for the Pension Trust Fund as reported with other funds in the aggregate.

Custodial Funds – Custodial Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). See page 20 for the Custodial Fund as reported with other funds in the aggregate.

**CITY OF GENTRY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022**

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**C. Basis of Accounting – Regulatory**

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

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

**D. Assets, Liabilities, and Fund Balances**

Cash and Cash Equivalents

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts, certificates of deposit, treasury bills, and short-term investments with an original maturity date of three months or less.

Investments

Investments are reported at fair value.

Settlements Pending

Settlements pending are considered fines, forfeitures, costs, construction permit bonds, and sanitation deposits that have not been transferred to the appropriate entities.

Fund Balance Classifications

Restricted fund balance – amounts that are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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

Unassigned fund balance - amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in the other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

**E. Property Taxes**

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

**CITY OF GENTRY, ARKANSAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**F. Budget Law**

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

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

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

**Basis of Accounting**

The City prepared an annual budget on the regulatory basis for the General Fund, Street Fund and the other Special Revenue Funds.

**G. Fund Balance Classification Policies and Procedures**

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

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

**H. Date of Management's Review**

The City evaluated subsequent events through May 5, 2023, the date to which the financial statements were available for issue.

**NOTE 2: Cash Deposits with Financial Institutions**

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

|  | <u>Carrying Amount</u> | <u>Bank Balance</u> |
|--|------------------------|---------------------|
| Insured (FDIC)   | \$ 171,168             | \$ 171,168          |
| Collateralized:  |                        |                     |
| Collateral held by the City's agent, pledging bank or<br>pledging bank's trust department or agent in the<br>City's name | 6,891,147              | 7,116,059           |
| Total Deposits   | <u>\$ 7,062,315</u>    | <u>\$ 7,287,227</u> |

The above total deposits do not include cash held in trust of \$18,369.

**CITY OF GENTRY, ARKANSAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE 3: Legal or Contractual Provisions for Deposits and Investments**

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

**Firemen's Pension Trust Fund**

State law generally requires that pension funds be deposited in banks. Pension funds may be invested in interest-bearing bonds of the United States, of the State of Arkansas, or the city in which the board is located, in a local government joint investment trust, in the Arkansas Local Police and Fire Retirement System, or in savings and loan associations duly established and authorized to do business in this state. State law also provided that if the total assets of the pension trust fund exceed \$100,000, the board may employ an investment advisor to invest the assets, subject to terms, conditions, limitations, and restrictions imposed by law upon the Arkansas Local Police and Fire Retirement System.

**NOTE 4: Public Fund Investments**

A summary of investments by fund type is as follows:

| <u>Fund Type</u>  | <u>December 31, 2022</u> |
|-------------------|--------------------------|
| <u>Fair Value</u> |                          |
| LOPFI             | \$ <u>1,159,402</u>      |

Investments are reported at fair value. Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* establishes a hierarchy based on the valuation assumptions used to measure the fair value of the asset as follows:

Level 1 – quoted prices in active markets for identical assets.

Level 2 – significant other observable assumptions (e.g., quoted prices for similar instruments in active or inactive markets, etc.)

Level 3 – significant unobservable assumptions (i.e., prices or valuations using unobservable techniques supported by little or no market activity).

The City's investments are composed of the following:

| <u>December 31, 2022</u> | <u>Quoted Prices in</u>      |
|--------------------------|------------------------------|
| <u>Investment Type</u>   | <u>Active Markets for</u>    |
|                          | <u>Identical Investments</u> |
|                          | <u>Level 1</u>               |
| Pension and Relief Funds | \$ <u>1,159,402</u>          |

The fair value of the pension and relief funds is measured on a recurring basis and is based on quoted market prices obtained from independent pricing sources. As a result, these were classified as Level 1 inputs.



**CITY OF GENTRY, ARKANSAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE 5: Legal Debt Limit**Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. There were no property tax secured bond issues.

Short-Term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. There were no short-term financing obligations.

**NOTE 6: Details of Fund Balance Classifications**

Fund balance classifications at December 31, 2022 are composed of the following:

| Description                  | General      | Street       | Other Funds<br>in the Aggregate |
|------------------------------|--------------|--------------|---------------------------------|
| <u>Fund Balances</u>         |              |              |                                 |
| Restricted for:              |              |              |                                 |
| Library                      | \$ -         | \$ -         | \$ 39,330                       |
| Park                         | -            | -            | 171,168                         |
| Fire equipment               | -            | -            | 230,229                         |
| Solid waste                  | -            | -            | 35,753                          |
| Highway improvement          | -            | -            | 14,541                          |
| LOPFI                        | -            | -            | 1,300,471                       |
| Act 209                      | -            | -            | 70,098                          |
| Drug enforcement             | -            | -            | 4,430                           |
| Act 833                      | -            | -            | 35,582                          |
| Firemen's pension and relief | -            | -            | 64,762                          |
| Street                       | -            | 2,239,790    | -                               |
| Total Restricted             | -            | 2,239,790    | 1,966,364                       |
| Unassigned                   | 4,033,635    | -            | -                               |
| Totals                       | \$ 4,033,635 | \$ 2,239,790 | \$ 1,966,364                    |

**NOTE 7: Commitments**Compensated Absences

Compensated absences do vest or accumulate. The amount of compensated absences was not determined.

Post-Employment Benefits Other Than Pensions

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

**CITY OF GENTRY, ARKANSAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE 7: Commitments (Continued)**

Total Commitments consist of the following at December 31, 2022:

Bond Agreement at Regions Bank, used to purchase land, build, and improve existing recreational facilities. Payments of variable amounts are to be made monthly, including variable interest rates. Payments are to be made from Park Fund.

\$ 5,280,000

Long-term liabilities

Long-term liabilities at December 31, 2022 are comprised of the following:

Long-Term Liabilities

\$ 5,280,000

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

Long-term Debt Issued and Outstanding

| <u>Date<br/>of Issue</u> | <u>Date of Final<br/>Maturity</u> | <u>Rate of<br/>Interest</u> | <u>Amount<br/>Authorized<br/>and Issued</u> | <u>Debt Outstanding<br/>December 31, 2022</u> | <u>Maturities to<br/>December 31, 2022</u> |
|--------------------------|-----------------------------------|-----------------------------|---|---|--|
| <u>Bonds</u>             |                                   |                             |   |   |  |
| 11/4/2019                | 6/1/2049                          | Varies                      | \$ <u>5,655,000</u>                         | \$ <u>5,280,000</u>                           | \$ <u>375,000</u>                          |

Changes in Long-Term Debt

|               | <u>Balance<br/>January 1, 2022</u> | <u>Issued</u> | <u>Retired</u>    | <u>Balance<br/>December 31, 2022</u> |
|---------------|------------------------------------|---------------|-------------------|--------------------------------------|
| Bonds payable | \$ <u>5,405,000</u>                | \$ <u>-</u>   | \$ <u>125,000</u> | \$ <u>5,280,000</u>                  |

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2022:

| <u>Years Ending<br/>December 31,</u> | <u>Bonds</u>        |                     |                     |
|--------------------------------------|---------------------|---------------------|---------------------|
|                                      | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>        |
| 2023                                 | \$ 130,000          | \$ 159,900          | \$ 289,900          |
| 2024                                 | 135,000             | 156,000             | 291,000             |
| 2025                                 | 140,000             | 151,950             | 291,950             |
| 2026                                 | 140,000             | 147,750             | 287,750             |
| 2027                                 | 145,000             | 143,550             | 288,550             |
| 2028-2032                            | 800,000             | 653,425             | 1,453,425           |
| 2033-2037                            | 925,000             | 529,875             | 1,454,875           |
| 2038-2042                            | 1,065,000           | 382,362             | 1,447,362           |
| 2043-2047                            | 1,245,000           | 205,781             | 1,450,781           |
| 2048-2049                            | 555,000             | 26,094              | 581,094             |
| Totals                               | \$ <u>5,280,000</u> | \$ <u>2,556,687</u> | \$ <u>7,836,687</u> |

**CITY OF GENTRY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022**

**NOTE 8: Risk Management**

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

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

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

**Municipal Vehicle Program**

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

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

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

**CITY OF GENTRY, ARKANSAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE 8: Risk Management (Continued)**

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

**NOTE 9: Firemen's Pension and Relief Plan**

**Plan Description**

The Firemen's Pension and Relief Plan is a single-employer defined benefit pension plan that covers municipal firemen employed prior to January 1, 1983. The plan, administered by the City, provides retirement, disability and survivor benefits. Benefit and contribution provisions are established by State law and can be amended only by the Arkansas General Assembly. State law does provide that upon actuarial soundness of the plan, the Board may increase retirement benefits. The plan was closed to new entrants on January 1, 1983. The plan does not issue a stand-alone financial report but is included in the City's financial report.

**Contributions**

Active participants of the plan are required to make contributions of not less than 6% of their salary to the plan. Active volunteer firemen are required to make contribution of \$12 per year. The City is required by state law to contribute an amount equal to but not less than 6% of the participant's salary and an amount equal to the contribution paid by any volunteer fireman. The plan is also funded with state insurance tax and property tax on real estate and personal property. If the funds in the plan should be insufficient to make full payment of the amount of pensions to all persons entitled, then the funds shall be prorated among those entitled by the proper authorities as may be deemed just and equitable.

**Deferred Retirement Option Plan**

The local firemen's pension and relief board of trustees approved the participation in the Arkansas Fire Fighters Deferred Retirement Option Plan (DROP). Any full-paid fire fighter who is a member of the firemen's pension and relief fund who has at least 20 years of credited service and who is eligible to receive a service retirement pension may elect to participate in the plan. The duration of participation shall not exceed 5 years, except in certain circumstances as allowed by law.

When a member begins participation in the DROP, the contribution of the fire fighter and the employer contribution shall continue to be paid. Municipal matching contributions for employees who elect the DROP shall be credited equally to the firemen's pension and relief fund and to the deferred retirement plan. The monthly retirement benefits that would have been due had the member elected to cease employment and receive a service retirement shall be paid to the DROP account.

At the end of five years, the participant has certain options regarding the method of payment.

At the conclusion of the member's participation, the member shall terminate employment with all participating municipalities as a fire fighter and start receiving the member's accrued monthly retirement benefit from the firemen's pension and relief fund.

**CITY OF GENTRY, ARKANSAS  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022**

**NOTE 10: Local Police and Fire Retirement System (LOPFI)**  
(A Defined Benefit Pension Plan)

**Plan Description**

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

**Funding Policy**

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

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

The City is required to contribute an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The City's total LOPFI investment value at December 31, 2021 (actuarial valuation date and measurement date) was \$1,159,402.

**Net Pension Liability**

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, is limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2021 (actuarial valuation date and measurement date) was \$622,280.

**NOTE 11: Arkansas Public Employees Retirement System**

**Plan Description**

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

**Funding Policy**

APERS has contributory and non-contributory plans. Contributory members are required by State law to contribute 5% of their salary. Each participating employer is required by State law to contribute at a rate established by the Board of Trustees of the system based on the annual actuarial valuation. The City's contribution to the plan was \$274,677 for the year ended December 31, 2022.

**NOTE 11: Arkansas Public Employees Retirement System (Continued)**

## Net Pension Liability

The requirements of Governmental Accounting Standards Board Statement no. 68, under the regulatory basis of accounting, is limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at June 30, 2021 (actuarial valuation date and measurement date) was \$282,765. The 2022 APERS valuation report has not been made readily available as of the date of this report.

**NOTE 12: Corona Virus (COVID-19)**

One March 11, 2020, the Governor of Arkansas issued Executive Order 20-03 declaring an emergency and ordered Arkansas Department of Health to take action to prevent the spread of coronavirus disease 2019 (COVID-19). The City was awarded \$833,489 in federal aid from the American Rescue Plan Act of 2021, and as of report date, \$833,489 of this amount had been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

**NOTE 13: Pledged Revenues**

The City pledged future .875% sales and use taxes to repay \$5,655,000 in bonds that were issued in 2019 to provide funding for the cost of the City's recreational facilities and improvements. Total principal and interest remaining on the bonds are \$5,280,000 and \$2,556,687, respectively, payable through 2049. For 2022, principal and interest paid were \$125,000 and \$163,650, respectively.

**CITY OF GENTRY, ARKANSAS**  
**COMBINING BALANCE SHEET – OTHER FUNDS IN THE AGGREGATE –**  
**REGULATORY BASIS**  
**December 31, 2022**

| SPECIAL REVENUE FUNDS                       |                  |                   |                                      |                        |                        |                     |                  |
|---|------------------|-------------------|--------------------------------------|------------------------|------------------------|---------------------|------------------|
|   | Library<br>Fund  | Park<br>Fund      | Fire<br>Equipment<br>Sinking<br>Fund | Solid<br>Waste<br>Fund | Highway<br>Improvement | LOPFI               | Act<br>209       |
| <b>ASSETS</b>                               |                  |                   |                                      |                        |                        |                     |                  |
| Cash and cash equivalents                   | \$ 39,330        | \$ 171,168        | \$ 230,229                           | \$ 35,753              | \$ 14,541              | \$ 141,069          | \$ 70,098        |
| Investments                                 | -                | -                 | -                                    | -                      | -                      | 1,159,402           | -                |
|   | <u>\$ 39,330</u> | <u>\$ 171,168</u> | <u>\$ 230,229</u>                    | <u>\$ 35,753</u>       | <u>\$ 14,541</u>       | <u>\$ 1,300,471</u> | <u>\$ 70,098</u> |
| <b>LIABILITIES</b>                          |                  |                   |                                      |                        |                        |                     |                  |
| Settlements pending                         | \$ -             | \$ -              | \$ -                                 | \$ -                   | \$ -                   | \$ -                | \$ -             |
| <b>FUND BALANCE</b>                         |                  |                   |                                      |                        |                        |                     |                  |
| Restricted                                  | <u>39,330</u>    | <u>171,168</u>    | <u>230,229</u>                       | <u>35,753</u>          | <u>14,541</u>          | <u>1,300,471</u>    | <u>70,098</u>    |
|   | <u>39,330</u>    | <u>171,168</u>    | <u>230,229</u>                       | <u>35,753</u>          | <u>14,541</u>          | <u>1,300,471</u>    | <u>70,098</u>    |
| <b>TOTAL LIABILITIES &amp; FUND BALANCE</b> | <u>\$ 39,330</u> | <u>\$ 171,168</u> | <u>\$ 230,229</u>                    | <u>\$ 35,753</u>       | <u>\$ 14,541</u>       | <u>\$ 1,300,471</u> | <u>\$ 70,098</u> |

**CITY OF GENTRY, ARKANSAS**  
**COMBINING BALANCE SHEET – OTHER FUNDS IN THE AGGREGATE – (continued)**  
**REGULATORY BASIS**  
**December 31, 2022**

|   | <u>SPECIAL REVENUE FUNDS</u> |                  | <u>TRUST FUND</u>    | <u>CUSTODIAL FUND</u> |                     |
|---|------------------------------|------------------|----------------------|-----------------------|---------------------|
|   | Drug<br>Enforcement          | Act<br>833       | Firemen's<br>Pension | Admin of<br>Justice   | Total               |
| <b>ASSETS</b>                               |                              |                  |                      |                       |                     |
| Cash and cash equivalents                   | \$ 4,430                     | \$ 35,582        | \$ 64,762            | \$ 297                | \$ 807,259          |
| Investments                                 | -                            | -                | -                    | -                     | 1,159,402           |
|   | <u>\$ 4,430</u>              | <u>\$ 35,582</u> | <u>\$ 64,762</u>     | <u>\$ 297</u>         | <u>\$ 1,966,661</u> |
| <b>LIABILITIES</b>                          |                              |                  |                      |                       |                     |
| Settlements pending                         | \$ -                         | \$ -             | \$ -                 | \$ 297                | \$ 297              |
| <b>FUND BALANCE</b>                         |                              |                  |                      |                       |                     |
| Restricted                                  | <u>4,430</u>                 | <u>35,582</u>    | <u>64,762</u>        | <u>-</u>              | <u>1,966,364</u>    |
|   | <u>4,430</u>                 | <u>35,582</u>    | <u>64,762</u>        | <u>-</u>              | <u>1,966,364</u>    |
| <b>TOTAL LIABILITIES &amp; FUND BALANCE</b> | <u>\$ 4,430</u>              | <u>\$ 35,582</u> | <u>\$ 64,762</u>     | <u>\$ 297</u>         | <u>\$ 1,966,661</u> |



**CITY OF GENTRY, ARKANSAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – OTHER FUNDS IN THE AGGREGATE –**  
**REGULATORY BASIS**  
**For the Year Ended December 31, 2022**

|                              | SPECIAL REVENUE FUNDS |              |                                      |                        |                        |           |            |                     |            |
|------------------------------|-----------------------|--------------|--------------------------------------|------------------------|------------------------|-----------|------------|---------------------|------------|
|                              | Library<br>Fund       | Park<br>Fund | Fire<br>Equipment<br>Sinking<br>Fund | Solid<br>Waste<br>Fund | Highway<br>Improvement | LOPFI     | Act<br>209 | Drug<br>Enforcement | Act<br>833 |
| REVENUES                     |                       |              |                                      |                        |                        |           |            |                     |            |
| Property taxes               | \$ -                  | \$ -         | \$ -                                 | \$ -                   | \$ -                   | \$ -      | \$ -       | \$ -                | \$ -       |
| Sales taxes                  | 113,849               | 455,394      | -                                    | -                      | -                      | -         | -          | -                   | -          |
| Fines, forfeitures and costs | -                     | -            | -                                    | -                      | 3,362                  | -         | 8,993      | 2,770               | -          |
| Grants                       | 23,500                | -            | -                                    | -                      | -                      | -         | -          | -                   | -          |
| Interest                     | 20                    | 3,155        | 217                                  | 33                     | -                      | 167,728   | 64         | 20                  | -          |
| Other                        | 4,370                 | -            | -                                    | 296                    | -                      | 60,297    | -          | -                   | 27,511     |
| TOTAL REVENUES               | 141,739               | 458,549      | 217                                  | 329                    | 3,362                  | 228,025   | 9,057      | 2,790               | 27,511     |
| EXPENDITURES                 |                       |              |                                      |                        |                        |           |            |                     |            |
| Current:                     |                       |              |                                      |                        |                        |           |            |                     |            |
| General government           | 23,812                | 5,550        | -                                    | 12,900                 | -                      | -         | -          | 1,553               | -          |
| Public safety                | -                     | -            | -                                    | -                      | -                      | 69,223    | -          | -                   | -          |
| Law enforcement              | -                     | -            | -                                    | -                      | -                      | 9,351     | 3,361      | -                   | -          |
| Recreation and culture       | 142,545               | -            | -                                    | -                      | -                      | -         | -          | -                   | -          |
| Total Current                | 166,357               | 5,550        | -                                    | 12,900                 | -                      | 78,574    | 3,361      | 1,553               | -          |
| Debt Service                 |                       |              |                                      |                        |                        |           |            |                     |            |
| Bond principal               | -                     | 125,000      | -                                    | -                      | -                      | -         | -          | -                   | -          |
| Bond interest                | -                     | 163,650      | -                                    | -                      | -                      | -         | -          | -                   | -          |
| Capital Outlay               | 15,600                | 232,235      | 11,000                               | -                      | -                      | -         | -          | -                   | 11,900     |
| TOTAL EXPENDITURES           | \$ 181,957            | \$ 526,435   | \$ 11,000                            | \$ 12,900              | \$ -                   | \$ 78,574 | \$ 3,361   | \$ 1,553            | \$ 11,900  |

**CITY OF GENTRY, ARKANSAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – OTHER FUNDS IN THE AGGREGATE –**  
**(continued)**  
**REGULATORY BASIS**  
**For the Year Ended December 31, 2022**

|  | SPECIAL REVENUE FUNDS |              |                                      |                        |                        |              |            |                     |            |
|--|-----------------------|--------------|--------------------------------------|------------------------|------------------------|--------------|------------|---------------------|------------|
|  | Library<br>Fund       | Park<br>Fund | Fire<br>Equipment<br>Sinking<br>Fund | Solid<br>Waste<br>Fund | Highway<br>Improvement | LOPFI        | Act<br>209 | Drug<br>Enforcement | Act<br>833 |
| EXCESS OF REVENUES OVER (UNDER)                      |                       |              |                                      |                        |                        |              |            |                     |            |
| EXPENDITURES   | \$ (40,218)           | \$ (67,886)  | \$ (10,783)                          | \$ (12,571)            | \$ 3,362               | \$ 149,451   | \$ 5,696   | \$ 1,237            | \$ 15,611  |
| OTHER FINANCING SOURCES (USES)                       |                       |              |                                      |                        |                        |              |            |                     |            |
| Transfers in   | 45,000                | 12,671       | 17,000                               | 11,333                 | -                      | -            | -          | -                   | -          |
| Transfers out  | -                     | (180,845)    | -                                    | -                      | -                      | (7,587)      | -          | -                   | -          |
| TOTAL OTHER FINANCING<br>SOURCES (USES)              | 45,000                | (168,174)    | 17,000                               | 11,333                 | -                      | (7,587)      | -          | -                   | -          |
| EXCESS OF REVENUES AND OTHER<br>SOURCES OVER (UNDER) |                       |              |                                      |                        |                        |              |            |                     |            |
| EXPENDITURES AND OTHER (USES)                        | 4,782                 | (236,060)    | 6,217                                | (1,238)                | 3,362                  | 141,864      | 5,696      | 1,237               | 15,611     |
| FUND BALANCE JANUARY 1                               | 34,548                | 407,228      | 224,012                              | 36,991                 | 11,179                 | 1,158,607    | 64,402     | 3,193               | 19,971     |
| FUND BALANCE DECEMBER 31                             | \$ 39,330             | \$ 171,168   | \$ 230,229                           | \$ 35,753              | \$ 14,541              | \$ 1,300,471 | \$ 70,098  | \$ 4,430            | \$ 35,582  |

**CITY OF GENTRY, ARKANSAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – OTHER FUNDS IN THE AGGREGATE –**  
**(continued)**  
**REGULATORY BASIS**  
**For the Year Ended December 31, 2022**

|                              | <u>TRUST FUNDS</u>           |                   |
|------------------------------|------------------------------|-------------------|
|                              | <u>Firemen's<br/>Pension</u> | <u>Total</u>      |
| <b>REVENUES</b>              |                              |                   |
| Property taxes               | \$ 23,549                    | \$ 23,549         |
| Sales taxes                  | -                            | 569,243           |
| Fines, forfeitures and costs | -                            | 15,125            |
| Grants                       | -                            | 23,500            |
| Interest                     | -                            | 171,237           |
| Other                        | -                            | 92,474            |
| <b>TOTAL REVENUES</b>        | <u>23,549</u>                | <u>895,128</u>    |
| <b>EXPENDITURES</b>          |                              |                   |
| Current:                     |                              |                   |
| General government           | -                            | 43,815            |
| Public safety                | 9,216                        | 78,439            |
| Law enforcement              | -                            | 12,712            |
| Recreation and culture       | -                            | 142,545           |
| Total Current                | <u>9,216</u>                 | <u>277,511</u>    |
| Debt Service                 |                              |                   |
| Bond principal               | -                            | 125,000           |
| Bond interest                | -                            | 163,650           |
| Capital Outlay               | -                            | 270,735           |
| <b>TOTAL EXPENDITURES</b>    | <u>\$ 9,216</u>              | <u>\$ 836,896</u> |

**CITY OF GENTRY, ARKANSAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – OTHER FUNDS IN THE AGGREGATE –**  
**(continued)**  
**REGULATORY BASIS**  
**For the Year Ended December 31, 2022**

|  | <u>TRUST FUNDS</u>   |              |
|--|----------------------|--------------|
|  | Firemen's<br>Pension | Total        |
| <b>EXCESS OF REVENUES OVER (UNDER)</b> |                      |              |
| <b>EXPENDITURES</b>                    | \$ 14,333            | \$ 58,232    |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                      |              |
| Transfers in                           | -                    | 86,004       |
| Transfers out                          | -                    | (188,432)    |
| <b>TOTAL OTHER FINANCING</b>           |                      |              |
| <b>SOURCES (USES)</b>                  | -                    | (102,428)    |
| <b>EXCESS OF REVENUES AND OTHER</b>    |                      |              |
| <b>SOURCES OVER (UNDER)</b>            |                      |              |
| <b>EXPENDITURES AND OTHER (USES)</b>   | 14,333               | (44,196)     |
| <b>FUND BALANCE JANUARY 1</b>          | 50,429               | 2,010,560    |
| <b>FUND BALANCE DECEMBER 31</b>        | \$ 64,762            | \$ 1,966,364 |

**CITY OF GENTRY, ARKANSAS  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2022  
(Unaudited)**

|                          |    |                          |
|--------------------------|----|--------------------------|
| Buildings & improvements | \$ | 18,037,828               |
| Equipment                |    | 878,273                  |
| Land                     |    | 667,534                  |
| Vehicles                 |    | 942,014                  |
| Construction in progress |    | <u>20,233</u>            |
| Total                    | \$ | <u><u>20,545,882</u></u> |