

CITY OF GREENBRIER, ARKANSAS  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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# SEARCY & ASSOCIATES, LLC

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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
Greenbrier, Arkansas

### Opinions

We have audited the accompanying regulatory basis financial statements of the governmental activities and other funds in the aggregate of the City of Greenbrier, Arkansas, which comprise the statement of assets, liabilities, and net assets - regulatory basis for the year then ended, and the related notes to the financial statements.

#### *Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and net assets of the City of Greenbrier, Arkansas as of December 31, 2021, and its support, revenue, and expenses for the year then ended, in accordance with the financial reporting practices prescribed or permitted by DEF State Regulatory Agency as described in Note 1.

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

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" section of our report, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Greenbrier, Arkansas as of December 31, 2021, or the changes in its net assets 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Greenbrier, Arkansas 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 unmodified audit opinion on the regulatory basis of accounting and our adverse opinion on the U.S. generally accepted accounting principles.

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

As described in Note 1, the financial statements are prepared by the City of Greenbrier, Arkansas, in accordance with the financial reporting practices prescribed or permitted by the DEF State Regulatory Agency, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of DEF State Regulatory Agency. 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.

***"Well done is better than well said"***

Member of the Arkansas Society of Certified Public Accountants  
Member American Institute of Certified Public Accountants  
Private Companies Practice Section

## **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 practices prescribed or permitted by DEF State Regulatory Agency. 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.

## **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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted with generally accepted 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, we:

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

Searcy & Associates, LLC  
September 17, 2022

***“Well done is better than well said”***

CITY OF GREENBRIER, ARKANSAS  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE -  
REGULATORY BASIS  
DECEMBER 31, 2021

	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Funds in the Aggregate</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 834,795	\$722,206	\$5,024,061	\$6,581,062
Accounts Receivable	340,352	41,466	311,761	693,579
Investments	116,392	0	0	116,392
Interfund Receivables	<u>0</u>	<u>191,723</u>	<u>318,641</u>	<u>510,364</u>
Total Assets	<u>\$1,291,539</u>	<u>\$955,395</u>	<u>\$5,654,463</u>	<u>\$7,901,397</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities				
Accounts Payable	\$ 88,801	\$ 9,790	\$ 12,202	\$ 110,793
Interfund Payables	<u>0</u>	<u>114,795</u>	<u>695,983</u>	<u>810,778</u>
Total Liabilities	88,801	124,585	708,185	921,571
Fund Balance				
Restricted	0	830,810	912,590	1,743,400
Assigned	0	0	3,093,840	3,093,840
Unassigned	<u>1,202,738</u>	<u>0</u>	<u>939,848</u>	<u>2,142,586</u>
Total Fund Balance	<u>1,202,738</u>	<u>830,810</u>	<u>4,946,278</u>	<u>6,979,826</u>
Total Liabilities and Fund Balance	<u>\$1,291,539</u>	<u>\$955,395</u>	<u>\$5,654,463</u>	<u>\$7,901,397</u>

See Notes to Financial Statements

CITY OF GREENBRIER, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Funds in the Aggregate</u>	<u>Total</u>
Revenues				
State Turnback	\$ 80,753	\$ 417,711	\$ 0	\$ 498,464
Property Taxes	281,894	102,991	0	384,885
Fines and Forfeitures	140,382	0	22,627	163,009
District Court Reimbursement	44,078	0	0	44,078
Sanitation Revenue	960,249	0	0	960,249
Franchise Taxes	255,938	0	0	255,938
Recreation	203,982	0	0	203,982
Sales Taxes	0	0	3,759,883	3,759,883
Local Permits and Fees	51,981	0	0	51,981
Interest	2,482	3,778	20,479	26,739
Service Fees	0	0	19,775	19,775
Other	<u>111,545</u>	<u>0</u>	<u>0</u>	<u>111,545</u>
Total Revenue	\$2,133,284	\$ 524,480	\$ 3,822,764	\$6,480,528
Expenditures				
Current:				
General Government	\$2,714,543	\$ 0	\$ 0	\$2,714,543
Highways and Streets	0	466,107	0	466,107
Recreation and Culture	0	0	1,078,203	1,078,203
Capital Projects	<u>0</u>	<u>0</u>	<u>450,384</u>	<u>450,384</u>
Total Current Expenditures	\$2,714,543	\$ 466,107	\$ 1,528,587	\$4,709,237

See Notes to Financial Statements

CITY OF GREENBRIER, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Funds in the Aggregate</u>	<u>Total</u>
Expenditures, continued				
Debt Service:				
Bond Principal	\$ 0	\$ 0	\$ 375,000	\$ 375,000
Bond Interest and Other Charges	0	0	194,944	194,944
Note Principal	0	0	51,340	51,340
Lease Principal	<u>0</u>	<u>0</u>	<u>72,783</u>	<u>72,783</u>
Total Debt Services	<u>0</u>	<u>0</u>	<u>694,067</u>	<u>694,067</u>
Total Expenditures	<u>\$2,714,543</u>	<u>\$ 466,107</u>	<u>\$ 2,222,654</u>	<u>\$ 5,403,304</u>
Excess (Deficiency) of Revenues over Expenditures	(581,259)	58,373	1,600,110	1,077,224
Other Financing Sources (Uses):				
Grant Revenue	\$ 589,393	\$ 0	\$ 64,000	\$ 653,393
Transfers in	500,000	0	0	500,000
Transfers Out	<u>0</u>	<u>0</u>	<u>(500,000)</u>	<u>(500,000)</u>
Total Other Financing Sources (Uses)	<u>\$1,089,393</u>	<u>\$ 0</u>	<u>\$ (436,000)</u>	<u>\$ 653,393</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 508,134	\$ 58,373	\$ 1,164,110	\$ 1,730,617
Fund Balance, December 31, 2020	<u>694,604</u>	<u>772,437</u>	<u>3,644,159</u>	<u>5,111,200</u>
Fund Balance, December 31, 2021	<u>\$1,202,738</u>	<u>\$ 830,810</u>	<u>\$ 4,808,269</u>	<u>\$ 6,841,817</u>

See Notes to Financial Statements

CITY OF GREENBRIER, ARKANSAS  
STATEMENT OF REVENUES, EXPENTURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021

General Fund			
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
State Turnback	\$ 85,000	\$ 80,753	\$ (4,247)
Property Taxes	120,000	281,894	161,894
Fines and Forfeitures	129,800	140,382	10,582
District Court Reimbursement	0	44,078	44,078
Sanitation Revenue	862,500	960,249	97,749
Franchise Taxes	252,000	255,938	3,938
Recreation	150,990	203,982	52,992
Local Permits	45,800	51,981	6,181
Interest	2,500	2,482	(18)
Other	57,400	111,545	54,145
Total Revenues	<u>1,705,990</u>	<u>2,133,284</u>	<u>427,294</u>
Expenditures			
Current:			
General Government	<u>2,141,175</u>	<u>2,714,543</u>	<u>(573,368)</u>
Total Current	<u>2,141,175</u>	<u>2,714,543</u>	<u>(573,368)</u>
Excess (Deficiency) of Revenues over Expenditures	(435,185)	(581,259)	(146,074)
Other Financing Sources (Uses)			
Grants	0	589,393	589,393
Transfers in	<u>350,000</u>	<u>500,000</u>	<u>150,000</u>
Total Other Financing Sources	<u>350,000</u>	<u>1,089,393</u>	<u>739,393</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(85,185)	508,134	593,319
Fund Balance, December 31, 2020	<u>603,864</u>	<u>694,604</u>	<u>90,740</u>
Fund Balance, December 31, 2021	<u>\$ 518,679</u>	<u>\$ 1,202,738</u>	<u>\$ 684,059</u>

See Notes to Financial Statements



CITY OF GREENBRIER, ARKANSAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - STREET FUND - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021

Street Fund

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
State Turnback	\$ 385,000	\$ 417,711	\$ 32,711
Property Taxes	95,000	102,991	7,991
Interest	10,000	3,778	(6,222)
Other	<u>8,000</u>	<u>0</u>	<u>(8,000)</u>
Total Revenues	498,000	524,480	26,480
Expenditures			
Current:			
Highways and Streets	<u>596,240</u>	<u>466,107</u>	<u>130,133</u>
Total Expenditures	596,240	466,107	130,133
Excess (Deficiency) of Receipts Over Disbursements	(98,240)	58,373	156,613
Other Financing Sources (Uses)			
Capital Outlay	<u>(31,000)</u>	<u>0</u>	<u>31,000</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(129,240)	58,373	187,613
Fund Balance, December 31, 2020	<u>712,775</u>	<u>772,437</u>	<u>59,662</u>
Fund Balance, December 31, 2021	<u>\$ 583,535</u>	<u>\$ 830,810</u>	<u>\$ 247,275</u>

See Notes to Financial Statements

CITY OF GREENBRIER, ARKANSAS  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - OTHER FUNDS IN THE AGGREGATE  
 REGULATORY BASIS  
 DECEMBER 31, 2021

	Special Revenue Funds					Debt Service Fund	Custodial Funds			Total
	Sales Tax	Park Sales Tax	Street Sales Tax	Fire Special Act 833	Greenbrier Youth	2018 Sales & Use Tax Bonds	District Court	Accounts Payable Fund	Payroll Fund	
<b>Assets</b>										
Cash and Cash Equivalents	\$ 1,026,108	\$ 818,421	\$2,098,357	\$32,186	\$ 45,317	\$818,052	\$ 0	\$107,609	\$78,011	\$5,024,061
Accounts Receivable	124,704	41,569	83,136	0	0	62,352	0	0	0	311,761
Interfund Receivables	<u>37,281</u>	<u>281,360</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>318,641</u>
Total Assets	<u>\$ 1,188,093</u>	<u>\$1,141,350</u>	<u>\$2,181,493</u>	<u>\$32,186</u>	<u>\$ 45,317</u>	<u>\$880,404</u>	<u>\$ 0</u>	<u>\$107,609</u>	<u>\$78,011</u>	<u>\$5,654,463</u>
<b>Liabilities and Fund Balance</b>										
<b>Liabilities</b>										
Accounts Payable	\$ 12,202	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,202
Interfund Payables	<u>281,360</u>	<u>0</u>	<u>229,003</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>107,609</u>	<u>78,011</u>	<u>695,983</u>
Total Liabilities	293,562	0	229,003	0	0	0	0	107,609	78,011	708,185
<b>Fund Balance</b>										
Restricted	0	0	0	32,186	0	880,404	0	0	0	912,590
Assigned	0	1,141,350	1,952,490	0	0	0	0	0	0	3,093,840
Unassigned	<u>894,531</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>45,317</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>939,848</u>
Total Fund Balance	<u>894,531</u>	<u>1,141,350</u>	<u>1,952,490</u>	<u>32,186</u>	<u>45,317</u>	<u>880,404</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,946,278</u>
Total Liabilities and Fund Balance	<u>\$ 1,188,093</u>	<u>\$1,141,350</u>	<u>\$2,181,493</u>	<u>\$32,186</u>	<u>\$ 45,317</u>	<u>\$880,404</u>	<u>\$ 0</u>	<u>\$107,609</u>	<u>\$78,011</u>	<u>\$5,654,463</u>

See Notes to Financial Statements

CITY OF GREENBRIER, ARKANSAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE-REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Special Revenue Funds					Debt Service Fund 2018	Total
	Sales Tax	Park Sales Tax	Street Sales Tax	Fire Special Act 833	Greenbrier Youth	Sales & Use Tax Bonds	
<b>Revenues</b>							
Sales Taxes	\$1,503,953	\$ 501,318	\$1,002,635	\$ 0	\$ 0	\$ 751,977	\$3,759,883
State Aid	0	0	0	22,627	0	0	22,627
Recreation Fees	64,445	16,695	0	0	41,269	15,600	138,009
Interest Income/(Expense)	5,203	2,843	9,493	95	169	2,676	20,479
Service Fees	19,775	0	0	0	0	0	19,775
Total Revenues	<u>1,593,376</u>	<u>520,856</u>	<u>1,012,128</u>	<u>22,722</u>	<u>41,438</u>	<u>770,253</u>	<u>3,960,773</u>
<b>Expenditures</b>							
<b>Current:</b>							
Recreation and Culture	797,486	266,710	0	0	3,251	10,756	1,078,203
Capital Projects	0	0	295,182	10,718	0	144,484	450,384
Total Current	<u>797,486</u>	<u>266,710</u>	<u>295,182</u>	<u>10,718</u>	<u>3,251</u>	<u>155,240</u>	<u>1,528,587</u>
<b>Debt Services:</b>							
Bond Principal	0	0	0	0	0	375,000	375,000
Bond Interest and Other Charges	0	0	0	0	0	194,944	194,944
Note Payments	46,342	0	0	4,998	0	0	51,340
Lease Principal	72,783	0	0	0	0	0	72,783
Total Debt Services	<u>119,125</u>	<u>0</u>	<u>0</u>	<u>4,998</u>	<u>0</u>	<u>569,944</u>	<u>694,067</u>
Total Expenditures	<u>916,611</u>	<u>266,710</u>	<u>295,182</u>	<u>15,716</u>	<u>3,251</u>	<u>725,184</u>	<u>2,222,654</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>676,765</b>	<b>254,146</b>	<b>716,946</b>	<b>7,006</b>	<b>38,187</b>	<b>45,069</b>	<b>1,738,119</b>

See Notes to Financial Statements

CITY OF GREENBRIER, ARKANSAS  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - OTHER FUNDS IN THE AGGREGATE-REGULATORY BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Special Revenue Funds					Debt Service Fund 2018	Total
	Sales Tax	Park Sales Tax	Street Sales Tax	Fire Special Act 833	Greenbrier Youth	Sales & Use Tax Bonds	
Other Financing Sources (Uses):							
Grant Revenue	3,000	61,000	0	0	0	0	64,000
Transfers (Out)	<u>(500,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(500,000)</u>
Total Other Financing Sources (Uses)	<u>(497,000)</u>	<u>61,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(436,000)</u>
Excess/(Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	179,765	315,146	716,946	7,006	38,187	45,069	1,302,119
Fund Balance, December 31, 2020	<u>714,766</u>	<u>826,204</u>	<u>1,235,544</u>	<u>25,180</u>	<u>7,130</u>	<u>835,335</u>	<u>3,644,159</u>
Fund Balance, December 31, 2021	<u>\$ 894,531</u>	<u>\$ 1,141,350</u>	<u>\$ 1,952,490</u>	<u>\$ 32,186</u>	<u>\$ 45,317</u>	<u>\$ 880,404</u>	<u>\$ 4,946,278</u>

See Notes to Financial Statements

CITY OF GREENBRIER, ARKANSAS  
Notes to Financial Statements  
December 31, 2021

**NOTE 1: Nature of Operations and Summary of Significant Accounting Policies**

The City of Greenbrier, Arkansas (the City), is a municipal corporation operating under the authority of Arkansas state statute that was incorporated in 1880. The City operates under an elected mayor-council form of government. Eight elected council members and the Mayor set policy for the City. The accounting and reporting policies of the City conform to accounting principles prescribed or permitted by Ark. Code §10-4-412. The following is a summary of the significant accounting and reporting policies of the City.

**Basis of Presentation - Regulatory**

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

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

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

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

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

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

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

**Special Revenue Funds** - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**Capital Projects Funds** - Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets (other than those financed by Enterprise Funds).

**Custodial Funds** - Custodial Funds are used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities).

CITY OF GREENBRIER, ARKANSAS  
Notes to Financial Statements  
December 31, 2021

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

**Basis of Accounting - Regulatory**

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

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

**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 with an original maturity of three months or less.

Investments

Investments are reported at fair market value.

Settlements Pending

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

Fund Balance Classifications

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

CITY OF GREENBRIER, ARKANSAS  
Notes to Financial Statements  
December 31, 2021

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

**Property Taxes**

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

**Budget Law**

State law required 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 and Street Fund.

**Fund Balance Classification Policies and Procedures**

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

The Municipality does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The Municipality does not have a policy addressing which resources to use within the restricted 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.

CITY OF GREENBRIER, ARKANSAS  
Notes to Financial Statements  
December 31, 2021

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

**Capital Assets**

Capital assets are defined as assets with an initial value or cost greater than or equal to \$5,000 and an estimated useful life of greater than one year.

**Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the columns for governmental activities and business-type activities. These amounts are also reported as liabilities in the fund financial statements for proprietary funds. Debt premiums, discounts and deferred losses on refundings are generally deferred and amortized using the effective interest rate method. Long-term debt is reported net of the applicable debt premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums, as well as debt issuance costs, during the current period. The face amount of the debt issued and premiums received are reported as other financing sources. Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

**Fund Balances - Governmental Funds**

The fund balances for the City's governmental funds are displayed in various components:

*Nonspendable* - Nonspendable fund balances are not in a spendable form or are required to be maintained intact.

*Restricted* - Restricted fund balances may be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changes or lifted only with the consent of resource providers.

*Assigned* - Assigned fund balances are intended to be used by the City for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intends to be used for the purpose of that fund.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City applies assigned amounts first and then unassigned when an expenditure is incurred for purposes for which the amount in an unrestricted fund balance classification could be used.

**NOTE 2: Deposits and Investments**

**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The City's deposits are in two commercial banks that are insured by the Federal Deposit Insurance Corporation (FDIC) for an amount up to \$250,000 for interest bearing funds and an additional \$250,000 for non-interest bearing accounts for each bank in which deposits are held.

The schedule below is designed to disclose the level of custody risk assumed by City based on how its deposits were insured or secured by pledged securities at December 31, 2021.



CITY OF GREENBRIER, ARKANSAS  
Notes to Financial Statements  
December 31, 2021

**NOTE 2: Deposits and Investments (Continued)**

Category 1 - Insured by the FDIC or collateralized with securities held by the City (or public trust) or by its agent in the City's name.

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3 - Uninsured and uncollateralized or collateralized with securities held by the pledging financial institution with no written or approved collateralized agreement.

The level of security for the City's bank deposits are as follows:

<u>Depository</u>	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>
Bank A	\$250,000	\$1,252,929	None
Bank B	250,000	2,845,248	None

Arkansas State Law requires that deposits of State funds or the deposits of State subdivision and local governments be insured or that securities be pledged to secure the deposits. The secured amounts are shown in Category 2 in the schedule above.

**NOTE 3: Receivables**

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. The accounts receivables for the Water and Wastewater Departments are from charges and related penalties for services provided. Below is the detail of receivables for the general, street and the debt service funds, including the applicable allowances for uncollectible accounts:

	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Funds</u>
Sanitation	\$136,319	\$ 0	\$ 0
Sales Taxes	0	41,466	311,761
State Aid	<u>204,033</u>	<u>0</u>	<u>0</u>
Net Total Receivables	<u>\$340,352</u>	<u>\$41,466</u>	<u>\$311,761</u>

CITY OF GREENBRIER, ARKANSAS  
Notes to Financial Statements  
December 31, 2021

**NOTE 4: Long-Term Liabilities**

Long Term Debt Liabilities at December 31, 2021, were as follow:

<p><u>Sales and Use Tax Bonds, Series 2018</u> Bonds in the amount of \$5,875,000 were issued by the City in May 2018 for the purpose of financing capital improvements. The bonds are special obligations of the City payable solely from receipts from sales and use taxes. The interest rates on the bonds range from 3.00% to 3.25%. Principal payments are due annually on June 1. Interest payments are due semiannually on June 1 and December 1. These bonds are subject to mandatory redemption beginning June 1, 2023. The bonds are also subject to redemption at direction of the City beginning June 1, 2023. Final maturity is scheduled in the year 2043.</p>	5,490,000
<p><u>Lease-Purchase</u> Lease-purchase agreement dated October 31, 2019, with Santander Bank in the amount of \$136,892, with an interest rate of 3.3% for the purchase of five 2019 Dodge Ram trucks. Annual payments of \$37,099 for four years are to be made from the Sales Tax Fund (Special Revenue).</p>	35,112
<p><u>Lease-Purchase</u> Lease-purchase agreement dated May 7, 2020 with Santander Bank in the amount of \$30,534, with an interest rate of 3.3% for the purchase of a 2019 Dodge Ram truck. Annual payments of \$8,275 for four years are to be made from the Sales Tax Fund (Special Revenue).</p>	15,244
<p><u>Lease-Purchase</u> Lease-purchase agreement dated February 6, 2020 with Santander Bank in the amount of \$26,651, with an interest rate of 3.3% for the purchase of a 2019 Dodge Ram truck. Annual payments of \$7,223 for four years are to be made from the Sales Tax Fund (Special Revenue).</p>	13,305
<p><u>Lease-Purchase</u> Lease-purchase agreement dated February 28, 2020 with Santander Bank in the amount of \$41,531, with an interest rate of 3.3% for the purchase of a 2020 Dodge Durango. Annual payments of \$11,255 for four years are to be made from the Sales Tax Fund (Special Revenue).</p>	20,734
<p><u>Note Payable</u> A promissory note dated December 18, 2020, with First Security Bank in the amount of \$250,000, with an interest rate of 3.8% for the purchase and renovation of a building in the industrial park for use of City services.</p>	203,658
<p><u>Lease-Purchase</u> Lease-purchase agreement dated February 28, 2020, with Santander Bank in the amount of \$41,531, with an interest rate of 3.3% for the purchase of a 2019 Dodge Ram. Annual payments of \$11,255 for four years are to be made from the Sales Tax Fund (Special Revenue).</p>	16,454

CITY OF GREENBRIER, ARKANSAS  
Notes to Financial Statements  
December 31, 2021

**NOTE 4: Long-Term Liabilities (Continued)**

Long Term Debt Liabilities (Continued)

Note Payable

A promissory note dated September 2020 with Arkansas Department of Forestry in the amount of \$15,000. The loan qualifies as an interest free loan under the Arkansas Forestry Division for rural and volunteer fire departments.

10,000

Total Long Term Liabilities

\$5,804,507

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on sales and use tax bonds, lease-purchase agreements and notes payable outstanding at December 31, 2021.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 295,181	\$ 208,218
2023	268,706	197,344
2024	236,820	193,146
2025	243,801	185,615
2026	195,000	177,869
2026-2030	1,065,000	795,750
2031-2035	1,260,000	598,975
2036-2040	1,535,000	329,800
2041-2043	705,000	42,600
	<u>\$5,804,508</u>	<u>\$2,729,317</u>

The City's outstanding notes from direct borrowings of \$390,305 contain a provision that in an event of default, outstanding amounts, at the Lender's sole option, may be declared immediately due and payable, and the Lender may exercise any rights and remedies, including the right to immediate possession of the collateral, available to it under applicable law.

Compensated absences consisted of accrued vacation and sick leave adjusted to current salary cost at December 31, 2021 was \$185,066. Due to the City's regulatory basis of accounting, these liabilities are not recorded in the financial statements.

**NOTE 5: INTERFUND TRANSFERS**

The Sales tax fund transferred \$500,000 to the General fund in the Aggregate for operations .

**NOTE 6: Related Party**

During the year the City paid approximately \$5,713 in engineering fees for a street construction project to a business owned by a member of management.

CITY OF GREENBRIER, ARKANSAS  
Notes to Financial Statements  
December 31, 2021

**NOTE 7: Pension Plan**

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

*Plan Description*

The City contributes to the Local Police and Fire Retirement System (LOPFI), an agent multiple employer retirement system that acts as a common investment and administrative agent for cities and towns in Arkansas. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State Law and can be amended only by the Arkansas General Assembly. The Arkansas Local Police and Fire Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for LOPFI. That report may be obtained by writing to Arkansas Local Police and Fire Retirement System, 620 W. 3<sup>rd</sup>, Suite 200, Little Rock, Arkansas 72201, 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 at an actuarially determined rate. The contribution requirements of plan members established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$1,953 for the year ended December 31, 2021.

*Net Pension Liability*

The requirements of Governmental Accounting Standards Board Statement No. 68, under the regulatory basis of accounting, are limited to disclosure of the City's share of the collective net pension liability. The City's proportionate share of the collective net pension liability at December 31, 2021 (actuarial valuation date and measurement date) was \$84,951.

**NOTE 8: Profit-Sharing Plan**

The City implemented a retirement plan, known as the City of Greenbrier Profit Sharing Plan, on January 1, 1996. The plan trustee is Regions Trust Company and the City is the plan administrator.

Substantially all full-time employees participate in the plan. Employees must complete one full year of service and be at least 18 years of age to participate. The employee must work a minimum of 1,000 hours during the plan year to be credited with a full year of service. The City is required to make a discretionary contribution each year. A participant in the plan must have received credit for at least 501 hours of service during the plan year to receive an allocation of the employer contributions or forfeitures for the plan year.

For the year ended December 31, 2021, the employer contributed 3% of the eligible participants' compensation. Employees can contribute a voluntary after-tax contribution by payroll deduction in an amount not to exceed 15% of their compensation. Participants in the plan are 100% vested at all times prior to the participants' normal retirement age, death, or disability. Optional forms of benefit payments are available as determined by the participant. The City's Contribution to the plan was a \$21,705 for the year ended December 31, 2021.

CITY OF GREENBRIER, ARKANSAS  
Notes to Financial Statements  
December 31, 2021

**NOTE 9: Risk Management**

The City has various insurance policies to cover its potential liability risk areas, *e.g.* automobile, personal property, contents and outside structures and workers' compensation. Coverage is provided both commercially and through the Arkansas Municipal League (AML), which is an association of local governments. The AML provides the City with automobile and legal defense coverage. Fixed premiums are set annually by the AML based on such factors as claims experience, employee class multipliers and population. For risks covered by the AML, the City pays no deductible; however, the City pays a \$2,000 fee to the AML for each legal matter it handles. There have been no significant reductions in coverage from 2020 to 2021; nor have settlement amounts exceeded insurance coverage for the current year or the three prior years.

**NOTE 10: Subsequent Events**

The subsequent events were evaluated through September 17, 2022, which was the date the financial statements were available to be issued

**NOTE 11: Capital Assets**

The Municipality's capital assets records are summarized below:

	December 31, 2021
Land/Buildings	<u>\$20,360,999</u>
Equipment	<u>5,446,967</u>
Total	<u><u>\$25,807,966</u></u>

CITY OF GREENBRIER, ARKANSAS  
Notes to Financial Statements  
December 31, 2021

**NOTE 12: Fund Balances**

The City classified fund balances as follows:

<u>Description</u>	<u>General Fund</u>	<u>Street Fund</u>	<u>Other Funds in the Aggregate</u>
Restricted for:			
Debt service	\$ -	\$ -	\$ 880,404
Street maintenance	-	772,437	-
Fire equipment	-	-	-
ACT 833	-	-	32,186
Total restricted	<u>-</u>	<u>772,437</u>	<u>912,590</u>
Assigned for:			
Youth sports	-	-	45,317
Recreation and culture	-	-	1,141,350
Street maintenance	-	-	1,952,490
Total assigned	<u>-</u>	<u>-</u>	<u>3,139,157</u>
Unassigned	<u>1,202,738</u>	<u>58,373</u>	<u>894,531</u>
Total fund balances	<u>\$ 1,202,738</u>	<u>\$ 830,810</u>	<u>\$ 4,946,278</u>

# SEARCY & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## 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

City of Greenbrier, Arkansas  
Greenbrier, Arkansas

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 financial statements of City of Greenbrier, Arkansas, which comprise the statement of financial position - Regulatory Basis as of December 31, 2021, and the related statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 17, 2022.

### Internal Control Over Financial Reporting

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

***“Well done is better than well said”***

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Greenbrier, Arkansas financial statements are free from material misstatement, we 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 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*.

### **City of Greenbrier, Arkansas' Response to Findings**

City of Greenbrier, Arkansas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Greenbrier, Arkansas' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Searcy & Associates, LLC  
September 17, 2022



CITY OF GREENBRIER, ARKANSAS  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2021

Reference No. Finding

2021-001      **Criteria:** Management is responsible for establishing and maintaining effective internal control over financial reporting and the City's assets.

**Condition:** Individuals have incompatible duties in the cash receipts, cash disbursements and payroll account transaction cycles. Certain individuals are responsible for accessing, recording and monitoring financial transactions, as well as other incompatible duties. Within the cash receipts cycle, certain employees have the ability to receive and maintain custodianship of cash receipts and have recording and monitoring functions. In the cash disbursements cycle, certain employees have access to signed checks and have recording and/or monitoring functions. These employees also perform conflicting duties within the payroll cycle.

**Effect:** Potentially significant misstatements in the financial statements or significant misappropriations of assets due to error or fraud could occur and not be prevented or detected in a timely manner.

**Cause:** Duties within the cash receipts, cash disbursements and payroll are not adequately segregated, and monitoring or other compensating controls are not sufficient to reduce the possibility of errors or fraud going undetected in the normal course of business.

**Recommendation:** Management should periodically evaluate the costs versus the benefits of further segregation of duties and addition of monitoring or other compensating controls and implement those changes it deems to be cost beneficial.

**Views of Responsible Officials and Planned Corrective Actions:** Management concurs with the finding and recommendation. Management will continue to evaluate the costs versus benefit of further segregation of duties and make any changes deemed appropriate that are cost beneficial.

# SEARCY & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## Independent Auditors Report on Compliance with Arkansas State Requirements

The City Council  
City of Greenbrier  
Greenbrier, Arkansas

We have examined management's assertion that the City of Greenbrier, Arkansas, complied with the requirements of Arkansas Act 15 of 1985 (the Act) and the following Arkansas statutes during the year ended December 31, 2021.

1. Arkansas Municipal Accounting Law of 1973, § 14-59-101 et seq.;
2. Arkansas District Courts and City Courts Accounting Law, § 16-10-201 et seq.;
3. Improvement Contracts §§ 22-9-202 - 22-9-204;
4. Budgets, purchases, and payments of claims, etc., § 14-58-201 et seq. and 14-58-301 et seq.;
5. Investment of public funds, § 19-1-501 et seq.; and
6. Deposit of public funds, §§ 19-8-101 - 19-8-107.

City management is responsible for its compliance with the above Act and statutes. Our responsibility is to express an opinion on the City's compliance with the aforementioned Act and statutes based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied with the Act and statutes, in all material respects. An examination involves performing procedures to obtain evidence about the City's compliance. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, management's assertion that the City of Greenbrier Waterworks, complied with the aforementioned Act and statutes during the year ended December 31, 2021, is fairly stated, in all material respects.

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 specified parties.

Searcy & Associates, LLC  
Monticello, Arkansas