

**City of Star City, Arkansas**

**Regulatory Basis Financial Statements  
and Other Reports**

**December 31, 2021**

LEGISLATIVE JOINT AUDITING COMMITTEE

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# Arkansas

**Sen. David Wallace**  
Senate Chair  
**Sen. John Payton**  
Senate Vice Chair



**Rep. Jimmy Gazaway**  
House Chair  
**Rep. Richard Womack**  
House Vice Chair

**Roger A. Norman, JD, CPA, CFE, CFF**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Independent Auditor's Report

City of Star City, 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 Star City, Arkansas (City), which are comprised of the Balance Sheet – Regulatory Basis for the general fund, street fund, and other funds in the aggregate as of December 31, 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 Star City, Arkansas as of December 31, 2021; the regulatory basis revenues, expenditures, and changes in net position; and the budgetary comparisons for the general fund and street fund for the year then ended, in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412 described in Note 1.

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying regulatory basis financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the general fund, street fund, and other funds in the aggregate of the City of Star City, Arkansas, as of December 31, 2021, 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 Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements permitted by the State of Arkansas.

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

### ***Emphasis of Matter***

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ark. Code Ann. § 10-4-412, as described in Note 1, to meet the requirements permitted by the State of Arkansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

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

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Supplementary Information***

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

**Other Information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Roger A. Norman, JD, CPA, CFE, CFF  
Legislative Auditor

Little Rock, Arkansas  
May 31, 2023  
LOM217521

# Arkansas

**Sen. David Wallace**  
Senate Chair  
**Sen. John Payton**  
Senate Vice Chair



**Rep. Jimmy Gazaway**  
House Chair  
**Rep. Richard Womack**  
House Vice Chair

**Roger A. Norman, JD, CPA, CFE, CFF**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the general fund, street fund, and other funds in the aggregate of City of Star City, Arkansas (City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's regulatory basis financial statements, and have issued our report thereon dated May 31, 2023. We issued an adverse opinion because the financial statements are prepared by the City on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-412, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, with respect to the regulatory basis of accounting described in Note 1, our opinions on the general fund, street fund, and other funds in the aggregate were unmodified.

### Report on Internal Control Over Financial Reporting

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

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

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

### Report on Compliance and Other Matters

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

We also reported to management of the City in a separate letter dated May 31, 2023

### **Purpose of This Report**

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

ARKANSAS LEGISLATIVE AUDIT



Timothy R. Jones, CPA, CFF  
Deputy Legislative Auditor

Little Rock, Arkansas  
May 31, 2023

# Arkansas

**Sen. David Wallace**  
Senate Chair  
**Sen. John Payton**  
Senate Vice Chair



**Rep. Jimmy Gazaway**  
House Chair  
**Rep. Richard Womack**  
House Vice Chair

**Roger A. Norman, JD, CPA, CFE, CFF**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### MANAGEMENT LETTER

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

The commentary contained in this letter relates to the following officials who held office during 2021:

Mayor: Paul Carter  
Recorder/Treasurer: Alicia Hawkins  
District Court Clerk – City Division: Ashley Hunter  
District Court Clerk – County Division: Tammy Smith  
Police Chief/Marshal: Cody Drake

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 presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Timothy R. Jones".

Timothy R. Jones, CPA, CFF  
Deputy Legislative Auditor

Little Rock, Arkansas  
May 31, 2023



CITY OF STAR CITY, ARKANSAS  
BALANCE SHEET - REGULATORY BASIS  
DECEMBER 31, 2021

Exhibit A

	General	Street	Other Funds in the Aggregate
<b>ASSETS</b>			
Cash and cash equivalents	\$ 271,535	\$ 214,666	\$ 465,792
Accounts receivable	77,143	13,081	1,747
<b>TOTAL ASSETS</b>	<b>\$ 348,678</b>	<b>\$ 227,747</b>	<b>\$ 467,539</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 10,564	\$ 3,108	\$ 1,641
Settlements pending			23,472
Total Liabilities	10,564	3,108	25,113
Fund Balances:			
Restricted			396,147
Committed			46,279
Assigned	61,705	224,639	
Unassigned	276,409		
Total Fund Balances	338,114	224,639	442,426
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 348,678</b>	<b>\$ 227,747</b>	<b>\$ 467,539</b>

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

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

Exhibit B

	<u>General</u>	<u>Street</u>	<u>Other Funds in the Aggregate</u>
REVENUES			
State aid	\$ 36,698	\$ 202,937	\$ 18,312
Federal aid	2,550		210,290
Property taxes	47,733	35,847	24,741
Franchise fees	123,781		
Sales taxes	895,752	13,081	103,222
Fines, forfeitures, and costs	33,655		16,881
Interest	357	152	677
Local permits and fees	16,345		11,463
Airport hangar rental			5,250
Civic center revenue	13,510		
Insurance proceeds			2,792
Other	66,747	2,013	6,310
	<u>1,237,128</u>	<u>254,030</u>	<u>399,938</u>
TOTAL REVENUES			
EXPENDITURES			
Current:			
General government	591,865		124,190
Law enforcement	408,132		42,764
Highways and streets	3,586	309,651	
Public safety	20,876		76,966
Recreation and culture	82,424		72
Social services	6,902		
Airport	5,580		12,834
Total Current	<u>1,119,365</u>	<u>309,651</u>	<u>256,826</u>
Debt Service:			
Note principal		3,007	
Note interest		760	
	<u>1,119,365</u>	<u>313,418</u>	<u>256,826</u>
TOTAL EXPENDITURES			

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

Exhibit B

	General	Street	Other Funds in the Aggregate
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 117,763	\$ (59,388)	\$ 143,112
OTHER FINANCING SOURCES (USES)			
Transfers in	181,615	134,830	
Transfers out	(134,830)		(181,615)
Contribution from water department	61,214		
Loan proceeds		25,216	
TOTAL OTHER FINANCING SOURCES (USES)	107,999	160,046	(181,615)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	225,762	100,658	(38,503)
FUND BALANCES - JANUARY 1	112,352	123,981	480,929
FUND BALANCES - DECEMBER 31	\$ 338,114	\$ 224,639	\$ 442,426

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

CITY OF STAR CITY, 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, 2021

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
State aid	\$ 38,000	\$ 36,698	\$ (1,302)	\$ 160,000	\$ 202,937	\$ 42,937
Federal aid		2,550	2,550			
Property taxes	48,000	47,733	(267)	50,000	35,847	(14,153)
Franchise fees	153,000	123,781	(29,219)			
Sales taxes	641,000	895,752	254,752		13,081	13,081
Fines, forfeitures, and costs	41,600	33,655	(7,945)			
Interest	70	357	287	150	152	2
Local permits and fees	6,000	16,345	10,345			
Civic center revenue	27,500	13,510	(13,990)			
Other	236,975	66,747	(170,228)	40,000	2,013	(37,987)
<b>TOTAL REVENUES</b>	<b>1,192,145</b>	<b>1,237,128</b>	<b>44,983</b>	<b>250,150</b>	<b>254,030</b>	<b>3,880</b>
EXPENDITURES						
Current:						
General government	900,189	591,865	308,324			
Law enforcement	408,966	408,132	834			
Highways and streets		3,586	(3,586)	492,435	309,651	182,784
Public safety	17,717	20,876	(3,159)			
Recreation and culture	65,988	82,424	(16,436)			
Social services		6,902	(6,902)			
Airport		5,580	(5,580)			
Total Current	1,392,860	1,119,365	273,495	492,435	309,651	182,784
Debt Service:						
Note principal					3,007	(3,007)
Note interest					760	(760)
<b>TOTAL EXPENDITURES</b>	<b>1,392,860</b>	<b>1,119,365</b>	<b>273,495</b>	<b>492,435</b>	<b>313,418</b>	<b>179,017</b>

CITY OF STAR CITY, 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, 2021

Exhibit C

	General			Street		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (200,715)	\$ 117,763	\$ 318,478	\$ (242,285)	\$ (59,388)	\$ 182,897
OTHER FINANCING SOURCES (USES)						
Transfers in	114,900	181,615	66,715	88,450	134,830	46,380
Transfers out	(83,250)	(134,830)	(51,580)			
Contribution from water department		61,214	61,214			
Loan proceeds					25,216	25,216
TOTAL OTHER FINANCING SOURCES (USES)	31,650	107,999	76,349	88,450	160,046	71,596
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(169,065)	225,762	394,827	(153,835)	100,658	254,493
FUND BALANCES - JANUARY 1	24,000	112,352	88,352	80,000	123,981	43,981
FUND BALANCES - DECEMBER 31	<u>\$ (145,065)</u>	<u>\$ 338,114</u>	<u>\$ 483,179</u>	<u>\$ (73,835)</u>	<u>\$ 224,639</u>	<u>\$ 298,474</u>

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

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

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

**A. Financial Reporting Entity**

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

**B. Basis of Presentation – Regulatory**

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

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

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

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

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

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

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

**Special Revenue Funds** - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. See Schedules 1 and 2 for Special Revenue Funds as reported with other funds in the aggregate.

**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. See Schedule 2 for the Capital Projects Fund reported with other funds in the aggregate.

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

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

**B. Basis of Presentation – Regulatory (Continued)**

**Other Funds in the Aggregate (Continued)**

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. See Schedule 2 for the Debt Service Fund 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 Schedule 1 for Custodial Funds as reported with other funds in the aggregate.

**C. Basis of Accounting - Regulatory**

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

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

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

**Cash and Cash Equivalents**

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit

**Settlements Pending**

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

**Fund Balance Classifications**

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

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

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

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

Fund Balance Classifications (Continued)

2. Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council (passage of an ordinance).
3. 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.
4. Unassigned fund balance – amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification may also include negative amounts in other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

**E. Property Taxes**

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

**F. Budget Law**

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

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

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

Basis of Accounting

The City prepared an annual budget on the regulatory basis for the General Fund, Street Fund, and the other operating funds.

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

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



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

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

**G. Fund Balance Classification Policies and Procedures (Continued)**

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

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

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

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 397,054	\$ 395,131
Collateralized:		
Collateral held by the City's agent, pledging bank or pledging bank's trust department or agent in the City's name	554,489	565,658
Total Deposits	\$ 951,543	\$ 960,789

The above total deposits do not include cash on hand of \$450.

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

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

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

**NOTE 4: Accounts Receivable**

The accounts receivable balance at December 31, 2021, is composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Franchise fees	\$ 3,730		
Sales taxes	72,738	\$ 13,081	
Fines, forfeitures, and costs	675		\$ 1,483
Local permits and fees			264
<b>Totals</b>	<b><u>\$ 77,143</u></b>	<b><u>\$ 13,081</u></b>	<b><u>\$ 1,747</u></b>

**NOTE 5: Accounts Payable**

Description	General Fund	Street Fund	Other Funds in the Aggregate
Vendor payables	<u>\$ 10,564</u>	<u>\$ 3,108</u>	<u>\$ 1,641</u>

The accounts payable balance at December 31, 2021, is composed of the following:

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

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

Fund balance classifications at December 31, 2021, are composed of the following:

Description	General Fund	Street Fund	Other Funds in the Aggregate
Fund Balances:			
Restricted for:			
General government			\$ 86,168
Law enforcement			186,785
Public safety			119,042
Airport			<u>4,152</u>
Total Restricted			<u>396,147</u>
Committed for:			
Law enforcement			<u>46,279</u>
Assigned to:			
General government	\$ 49,960		
Highways and streets		\$ 224,639	
Public safety	8,265		
Recreation and culture	<u>3,480</u>		
Total Assigned	<u>61,705</u>	<u>224,639</u>	
Unassigned	<u>276,409</u>		
Totals	<u>\$ 338,114</u>	<u>\$ 224,639</u>	<u>\$ 442,426</u>

**NOTE 7: Legal Debt Limit**

A. Property Tax Secured Bonded Debt

The City is subject to a constitutional limitation for bonded indebtedness equal to 20% of the total assessed value for tax purposes of real and personal property as determined by the last tax assessment. At December 31, 2021, the legal debt limit for the bonded debt was \$4,729,726. There were no property tax secured bond issues.

B. Short-term Financing Obligations

The City is subject to a constitutional limitation for short-term financing obligations equal to 5% of the assessed value of taxable property within the City as determined by the last tax assessment. At December 31, 2021, the legal debt limit for short-term financing obligations was \$1,293,963. The amount of short-term financing obligations, was \$22,209 leaving a legal debt margin of \$1,271,754.

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

**NOTE 8: Commitments**

Total commitments consist of the following at December 31, 2021:

	December 31, 2021
Long-term liabilities	\$ 32,754

Long-term liabilities

Long-term liabilities at December 31, 2021, are comprised of the following:

	December 31, 2021
<u>Direct Borrowings</u>	
Note payable dated April 12, 2021, with Connect Bank in the amount of \$25,216 for the purchase of a 1984 Road Grader; 60 monthly installments of \$471 at 4.5% interest. Payments are to be made from the Street Fund.	\$ 22,209
Compensated absences consisting of accrued vacation and sick leave adjusted to current salary cost	10,545
Total Long-term liabilities	\$ 32,754

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

The City's outstanding note from direct borrowings of \$22,209 contains 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.

Post Employment Benefits Other Than Pensions

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

Long-Term Debt Issued and Outstanding

Date of Issue	Date of Final Maturity	Rate of Interest	Amount Authorized and Issued	Debt Outstanding December 31, 2021	Maturities to December 31, 2021
<u>Direct Borrowings</u>					
4/12/21	4/25/26	4.50%	\$ 25,216	\$ 22,209	\$ 3,007

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

**NOTE 8: Commitments (Continued)**

Changes in Long-Term Debt

	Balance January 01, 2021	Issued	Retired	Balance December 31, 2021
<u>Direct Borrowings</u>				
Notes payable	\$ 0	\$ 25,216	\$ 3,007	\$ 22,209

Debt Service Requirements to Maturity

The City is obligated for the following amounts at December 31, 2021:

Years Ending December 31,	Direct Borrowings		
	Principal	Interest	Total
2022	\$ 4,749	\$ 902	\$ 5,651
2023	4,967	684	5,651
2024	5,193	457	5,650
2025	5,434	217	5,651
2026	1,866	18	1,884
Totals	\$ 22,209	\$ 2,278	\$ 24,487

**NOTE 9: Interfund Transfers**

The Other Funds in the Aggregate (Sales and Use Tax Refunding and Improvement Bonds) transferred \$181,615 to the General Fund for excess sales tax. The General Fund transferred \$134,830 to Street Fund for operations.

**NOTE 10: Risk Management**

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

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

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

Municipal Vehicle Program

- A. Liability - This program may pay all sums the municipality legally must pay as damages because of bodily injury, death or property damage to which this agreement applies involving a covered municipal vehicle and for which the municipality is liable. The limit of payment by the program is as follows: \$25,000 because of bodily injury to or death of one person in any one accident; \$50,000 because of bodily injury to or death of two or more persons in any one accident; and \$25,000 because of injury to or destruction of property of others in any one accident. The City shall pay into the program each year a charge established annually by the program administrator for covered municipal vehicles and self-propelled mobile equipment owned or leased by the City.

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

**NOTE 10: Risk Management (Continued)**

Municipal Vehicle Program (Continued)

- B. Physical Damage - This program covers motor vehicles and permanently attached equipment which are the property of the participating municipality. Property is valued at the full cost to repair or replace the property after deduction for depreciation. Loss amounts payable will be reduced by the deductible amount of \$1,000 per occurrence. The City agrees to pay into the program each year a service charge established annually by the program administrator for covered property.

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

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

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

**NOTE 11: 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).

On December 12, 2017, administration of the City of Star City's Firemen's Pension and Relief Fund was transferred to LOPFI. The benefit structure of these plans was not changed.

Funding Policy

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

- A. Paid service not covered by Social Security: 8.5% of gross pay  
B. Paid service also covered by Social Security: 2.5% of gross pay

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

**NOTE 11: Local Police and Fire Retirement System (LOPFI)  
(A Defined Benefit Pension Plan) (Continued)**

C. Volunteer fire service: no employee contribution

The City is required to contribute at an actuarially determined rate. The contribution requirements of plan members are established and may be amended by State law. The contribution requirements of the City are established and may be amended by the LOPFI Board of Trustees. The plan is also funded with state insurance tax. The City's contribution to the plan was \$59,583 and the amount of insurance tax paid by the state to the plan for the benefit of the City was \$29,238 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 \$322,582.

**NOTE 12: Arkansas Public Employees Retirement System**

Plan Description

The City contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan that covers municipal employees whose municipalities have elected coverage under this System. APERS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for APERS. That report may be obtained by writing to Arkansas Public Employees Retirement System, 124 W. Capitol, Suite 400, Little Rock, Arkansas 72201, by calling 1-800-682-7377, or on their website [www.apers.org](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 \$42,048 for the year ended June 30, 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 June 30, 2021 (actuarial valuation date and measurement date) was \$105,673.

**NOTE 13: Corona Virus (COVID-19)**

On 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 \$420,577 in federal aid from the American Rescue Plan Act of 2021, and as of report date, \$420,577 of this amount had been received. The extent of the impact of COVID-19 on financial statements for future reporting periods remains uncertain.

CITY OF STAR CITY, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2021

Schedule 1

SPECIAL REVENUE FUNDS

	<u>District Court Cost</u>	<u>Local Police and Fire Retirement (LOPFI) - Police</u>	<u>Local Police and Fire Retirement (LOPFI) - Fire</u>	<u>Emergency Vehicle (Special Police)</u>	<u>Fire Equipment and Training (Act 833)</u>	<u>District Court Automation</u>	<u>Computer</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 8,213	\$ 171,968	\$ 47,029	\$ 304	\$ 67,292	\$ 5,981	\$ 45,845
Accounts receivable	165	224		570		35	434
<b>TOTAL ASSETS</b>	<b><u>\$ 8,378</u></b>	<b><u>\$ 172,192</u></b>	<b><u>\$ 47,029</u></b>	<b><u>\$ 874</u></b>	<b><u>\$ 67,292</u></b>	<b><u>\$ 6,016</u></b>	<b><u>\$ 46,279</u></b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 237					\$ 549	
Settlements pending							
<b>Total Liabilities</b>	<b><u>237</u></b>					<b><u>549</u></b>	
<b>Fund Balances:</b>							
Restricted	8,141	\$ 172,192	\$ 47,029	\$ 874	\$ 67,292	5,467	
Committed							\$ 46,279
<b>Total Fund Balances</b>	<b><u>8,141</u></b>	<b><u>172,192</u></b>	<b><u>47,029</u></b>	<b><u>874</u></b>	<b><u>67,292</u></b>	<b><u>5,467</u></b>	<b><u>46,279</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 8,378</u></b>	<b><u>\$ 172,192</u></b>	<b><u>\$ 47,029</u></b>	<b><u>\$ 874</u></b>	<b><u>\$ 67,292</u></b>	<b><u>\$ 6,016</u></b>	<b><u>\$ 46,279</u></b>



CITY OF STAR CITY, ARKANSAS  
 COMBINING BALANCE SHEET - OTHER FUNDS IN THE AGGREGATE -  
 REGULATORY BASIS  
 DECEMBER 31, 2021

Schedule 1

	<u>SPECIAL REVENUE FUNDS</u>				<u>CUSTODIAL FUNDS</u>		<u>Totals</u>
	<u>Airport Commission</u>	<u>Prisoner Care</u>	<u>Fire District Dues</u>	<u>American Rescue Plan Act</u>	<u>District Court - City Division</u>	<u>District Court - County Division</u>	
ASSETS							
Cash and cash equivalents	\$ 4,152	\$ 256	\$ 5,112	\$ 86,168	\$ 11,152	\$ 12,320	\$ 465,792
Accounts receivable		55	264				1,747
<b>TOTAL ASSETS</b>	<b><u>\$ 4,152</u></b>	<b><u>\$ 311</u></b>	<b><u>\$ 5,376</u></b>	<b><u>\$ 86,168</u></b>	<b><u>\$ 11,152</u></b>	<b><u>\$ 12,320</u></b>	<b><u>\$ 467,539</u></b>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable		\$ 200	\$ 655				\$ 1,641
Settlements pending					\$ 11,152	\$ 12,320	23,472
Total Liabilities		<u>200</u>	<u>655</u>		<u>11,152</u>	<u>12,320</u>	<u>25,113</u>
Fund Balances:							
Restricted	\$ 4,152	111	4,721	\$ 86,168			396,147
Committed							46,279
Total Fund Balances	<u>4,152</u>	<u>111</u>	<u>4,721</u>	<u>86,168</u>			<u>442,426</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 4,152</u></b>	<b><u>\$ 311</u></b>	<b><u>\$ 5,376</u></b>	<b><u>\$ 86,168</u></b>	<b><u>\$ 11,152</u></b>	<b><u>\$ 12,320</u></b>	<b><u>\$ 467,539</u></b>

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

Schedule 2

	SPECIAL REVENUE FUNDS						
	District Court Cost	Local Police and Fire Retirement (LOPFI) - Police	Local Police and Fire Retirement (LOPFI) - Fire	Emergency Vehicle (Special Police)	Fire Equipment and Training (Act 833)	District Court Automation	Computer
REVENUES							
State aid					\$ 18,312		
Federal aid							
Property taxes			\$ 23,867				
Sales taxes							
Fines, forfeitures, and costs	\$ 2,406	\$ 2,917		\$ 3,870		\$ 1,392	\$ 5,241
Interest	8	366	7	1	180		43
Local permits and fees							
Airport hangar rental							
Insurance proceeds							
Other							
TOTAL REVENUES	<u>2,414</u>	<u>3,283</u>	<u>23,874</u>	<u>3,871</u>	<u>18,492</u>	<u>1,392</u>	<u>5,284</u>
EXPENDITURES							
Current:							
General government							
Law enforcement	2,692	29,114		3,277		6,471	110
Public safety			23,956		42,504		
Recreation and culture							
Airport							
TOTAL EXPENDITURES	<u>2,692</u>	<u>29,114</u>	<u>23,956</u>	<u>3,277</u>	<u>42,504</u>	<u>6,471</u>	<u>110</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(278)</u>	<u>(25,831)</u>	<u>(82)</u>	<u>594</u>	<u>(24,012)</u>	<u>(5,079)</u>	<u>5,174</u>
OTHER FINANCING SOURCES (USES)							
Transfers out							
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(278)	(25,831)	(82)	594	(24,012)	(5,079)	5,174
FUND BALANCES - JANUARY 1	<u>8,419</u>	<u>198,023</u>	<u>47,111</u>	<u>280</u>	<u>91,304</u>	<u>10,546</u>	<u>41,105</u>
FUND BALANCES - DECEMBER 31	<u>\$ 8,141</u>	<u>\$ 172,192</u>	<u>\$ 47,029</u>	<u>\$ 874</u>	<u>\$ 67,292</u>	<u>\$ 5,467</u>	<u>\$ 46,279</u>

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

Schedule 2

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUND	DEBT SERVICE FUND	Totals
	Airport Commission	Prisoner Care	Fire District Dues	American Rescue Plan Act	AEDC Rural Community Grant (Civic Center)	Sales and Use Tax Refunding and Improvement Bonds	
REVENUES							
State aid							\$ 18,312
Federal aid				\$ 210,290			210,290
Property taxes			\$ 874				24,741
Sales taxes						\$ 103,222	103,222
Fines, forfeitures, and costs		\$ 1,055					16,881
Interest				68		4	677
Local permits and fees			11,463				11,463
Airport hangar rental	\$ 5,250						5,250
Insurance proceeds	2,792						2,792
Other	6,310						6,310
<b>TOTAL REVENUES</b>	<b>14,352</b>	<b>1,055</b>	<b>12,337</b>	<b>210,358</b>		<b>103,226</b>	<b>399,938</b>
EXPENDITURES							
Current:							
General government				124,190			124,190
Law enforcement		1,100					42,764
Public safety			10,506				76,966
Recreation and culture					\$ 72		72
Airport	12,834						12,834
<b>TOTAL EXPENDITURES</b>	<b>12,834</b>	<b>1,100</b>	<b>10,506</b>	<b>124,190</b>	<b>72</b>		<b>256,826</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,518</b>	<b>(45)</b>	<b>1,831</b>	<b>86,168</b>	<b>(72)</b>	<b>103,226</b>	<b>143,112</b>
OTHER FINANCING SOURCES (USES)							
Transfers out						(181,615)	(181,615)
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>1,518</b>	<b>(45)</b>	<b>1,831</b>	<b>86,168</b>	<b>(72)</b>	<b>(78,389)</b>	<b>(38,503)</b>
FUND BALANCES - JANUARY 1	2,634	156	2,890		72	78,389	480,929
FUND BALANCES - DECEMBER 31	<u>\$ 4,152</u>	<u>\$ 111</u>	<u>\$ 4,721</u>	<u>\$ 86,168</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 442,426</u>

CITY OF STAR CITY, ARKANSAS  
 NOTES TO SCHEDULES 1 AND 2  
 DECEMBER 31, 2021

The following funds and descriptions represent all funds reported as other funds in the aggregate.

<u>Fund Name</u>	<u>Fund Description</u>
District Court Cost	Ark. Code Ann. § 16-17-126 authorizes district court fees for writs of garnishment and executions to be appropriated for any permissible use in the administration of the district court.
Local Police and Fire Retirement (LOPFI) - Police	Ark. Code Ann. § 24-10-409 requires cities receiving revenues from the state derived from taxes levied on foreign and domestic insurers or any other state funds designated for support of fire and police retirement programs to be applied to the employer contribution to support this system.
Local Police and Fire Retirement (LOPFI) - Fire	Ark. Code Ann. § 24-10-409 requires cities receiving revenues from the state derived from taxes levied on foreign and domestic insurers or any other state funds designated for support of fire and police retirement programs to be applied to the employer contribution to support this system.
Emergency Vehicle (Special Police)	Ark. Code Ann. § 27-22-103 established fund for the fine for failure to insure motor vehicles to be used for the purchase and maintenance of rescue, emergency medical, and law enforcement vehicles, communication equipment, animals owned or used by law enforcement agencies, life-saving medical apparatus, and law enforcement apparatus.
Fire Equipment and Training (Act 833)	Ark. Code Ann. §§ 14-284-403, 404 requires insurance premium tax funds to be distributed by the county to municipal fire departments for training, purchase and improvement of fire fighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.
District Court Automation	Ark. Code Ann. § 16-13-704 established fund to receive district court installment fees of 1/2 of \$5 per month on each person to be used for court-related technology.
Computer	Star City Ordinance no. 296-90 (August 20,1990) established the fund to receive a minimum of \$25 for juveniles convicted of traffic violations who elect to work out the balance of the fine doing community work; and adding \$5 to fine of adults convicted of traffic violations, said funds to be designated, and set aside for the purchase and maintenance of a computer.
Airport Commission	Ark. Code Ann. §§ 14-359-101 - 121 established the Municipal Airport Commission to operate and manage the airport. All revenue derived from the operation of the airport or flying field, after paying the operating expenses and maintenance, shall be set aside and used for additional improvements on the airport or for the retirement of bonds and interest thereon issued or advancement made for the purchase and improvement of the airport or flying field.

CITY OF STAR CITY, ARKANSAS  
NOTES TO SCHEDULES 1 AND 2  
DECEMBER 31, 2021

The following funds and descriptions represent all funds reported as other funds in the aggregate.

<u>Fund Name</u>	<u>Fund Description</u>
Prisoner Care	Ark. Code Ann. § 16-17-129 allows a city to levy an additional fine, not to exceed \$20. Funds shall be used exclusively to defray the cost of incarcerating city prisoners; construction, maintenance, and operation of the city jail; purchase and maintenance of jail equipment; and training, salaries, and certificate pay for jailers and city officers.
Fire District Dues	Star City Ordinance no. 474-2018 (January 8, 2018) established a billing of a voluntary contribution for fire protection services to be charged to the residents, landowners, and businesses existing outside the corporate City limits but within the fire protection district of the Star City Fire Department.
American Rescue Plan Act	Established to receive and disburse Coronavirus State and Local Fiscal Recovery Funds (SLRF), a part of the American Rescue Plan Act (ARPA) of 2021, to support response to and recovery from the COVID-19 public health emergency.
AEDC Rural Community Grant (Civic Center)	Established to receive a grant to install an air conditioner for the Civic Center.
Sales and Use Tax Refunding and Improvement Bonds	Star City Ordinance no. 380-04 (January 27, 2004) and 413-09 (March 19, 2009) established funds to be maintained by a trustee to receive sales taxes from the state and make payments on bonded debt.
District Court - City Division	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.
District Court - County Division	Ark. Code Ann. § 16-10-204 established account to receive fines, forfeitures, and costs collected by the district court.

CITY OF STAR CITY, ARKANSAS  
OTHER INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
DECEMBER 31, 2021  
(Unaudited)

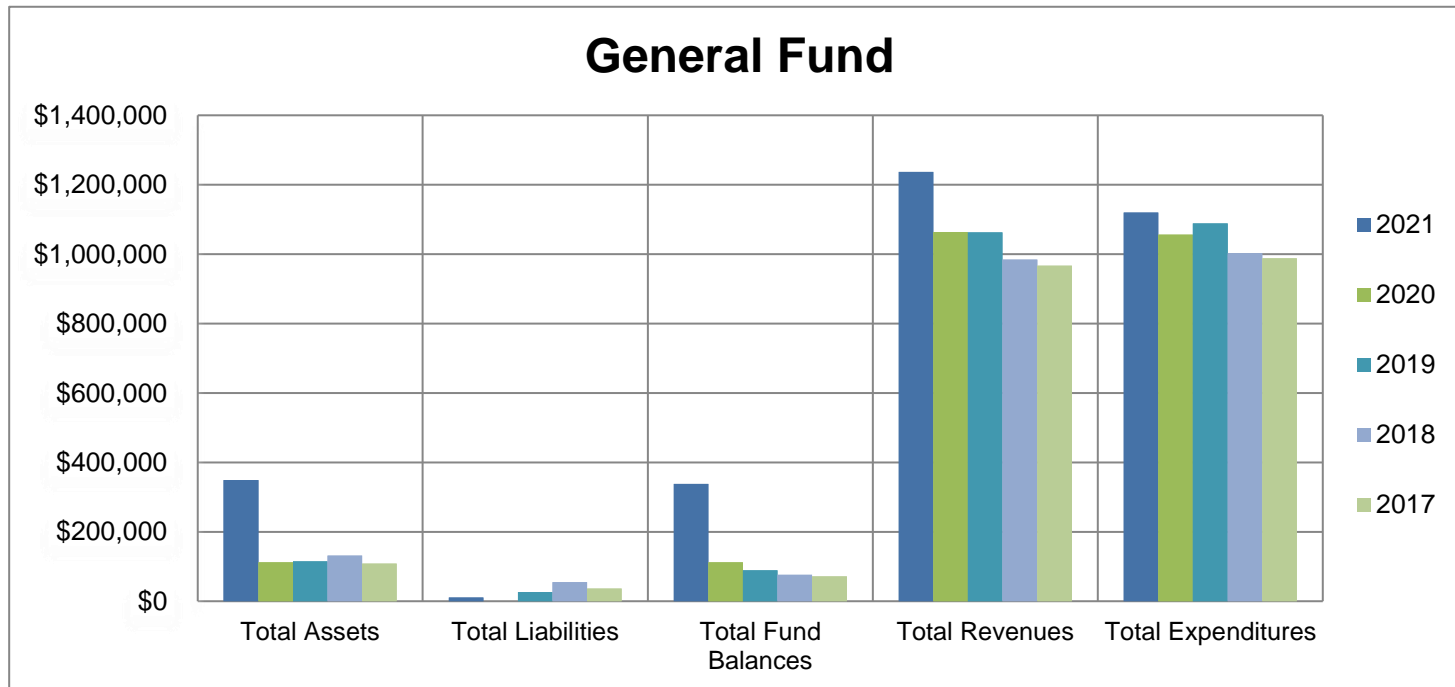
Schedule 3

	<u>December 31, 2021</u>
Land and buildings	\$ 1,919,204
Equipment	<u>1,010,143</u>
Total	<u>\$ 2,929,347</u>

CITY OF STAR CITY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - GENERAL FUND - REGULATORY BASIS  
 DECEMBER 31, 2021  
 (Unaudited)

Schedule 4-1

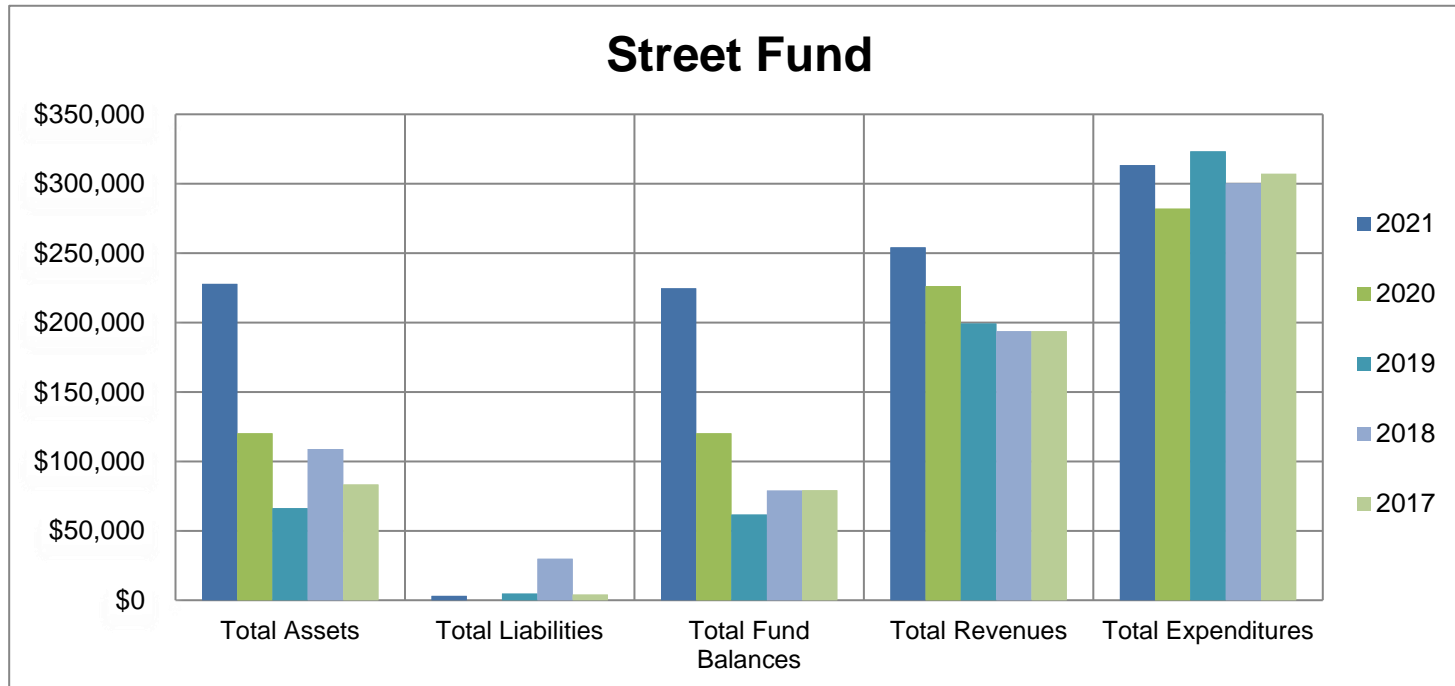
<u>General</u>	2021	2020	2019	2018	2017
Total Assets	\$ 348,678	\$ 112,352	\$ 115,223	\$ 131,109	\$ 108,365
Total Liabilities	10,564	0	26,320	55,076	36,866
Total Fund Balances	338,114	112,352	88,903	76,033	71,499
Total Revenues	1,237,128	1,063,425	1,063,066	984,085	967,007
Total Expenditures	1,119,365	1,056,288	1,088,506	1,002,615	988,219
Total Other Financing Sources/Uses	107,999	70,836	38,310	23,064	(3,890)



CITY OF STAR CITY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - STREET FUND - REGULATORY BASIS  
 DECEMBER 31, 2021  
 (Unaudited)

Schedule 4-2

<u>Street</u>	2021	2020	2019	2018	2017
Total Assets	\$ 227,747	\$ 120,134	\$ 66,355	\$ 108,858	\$ 83,262
Total Liabilities	3,108	0	4,775	29,874	4,042
Total Fund Balances	224,639	120,134	61,580	78,984	79,220
Total Revenues	254,030	226,349	199,304	193,855	193,763
Total Expenditures	313,418	282,088	323,359	300,170	307,235
Total Other Financing Sources/Uses	160,046	109,518	106,651	106,079	100,810





CITY OF STAR CITY, ARKANSAS  
 SCHEDULE OF SELECTED INFORMATION FOR THE LAST FIVE YEARS - OTHER FUNDS IN THE AGGREGATE - REGULATORY BASIS  
 DECEMBER 31, 2021  
 (Unaudited)

Schedule 4-3

<u>Other Funds in the Aggregate</u>	2021	2020	2019	2018	2017
Total Assets	\$ 467,539	\$ 480,749	\$ 799,445	\$ 895,504	\$ 870,525
Total Liabilities	25,113	0	40,620	52,039	51,748
Total Fund Balances	442,426	480,749	758,825	843,465	818,777
Total Revenues	399,938	648,714	530,582	521,962	554,143
Total Expenditures	256,826	714,638	561,249	413,833	506,039
Total Other Financing Sources/Uses	(181,615)	(180,354)	(53,973)	(83,411)	(409,466)

