

City of Hoxie, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HOXIE, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2021

Financial and Compliance Report

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Arkansas

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Senate Vice Chair



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House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

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

A priority of Arkansas Legislative Audit is to assist local government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of local governments, as well as compliance with relevant state laws and observance of good business practices to provide accountability for tax dollars expended to support government operations.

We have performed certain limited procedures with respect to cash basis financial information and compliance with certain state laws and accepted accounting practices for the City of Hoxie, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated February 22, 2023. These procedures were not performed for the Water and Sewer Fund. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings contained in this section relate to the following officials who held office during 2021:

Mayor: Dennis Coggins
Clerk/Treasurer: Peggy Miles (Resigned August 31, 2021)
Clerk: Verna Coats (Appointed October 12, 2021)
Treasurer: Delinda Duckworth (Appointed September 1, 2021)
Police Chief: Glen Smith

We evaluated the City's compliance with certain state laws concerning general and district court accounting, budgeting, purchasing, and investing and depositing of public funds.

Noncompliance with state law and accepted accounting practices was noted in the offices of **Treasurer** and **Police Chief**.

Treasurer

The City's First National Bank accounts were under collateralized by \$668,373 (73% of total deposits) at December 31, 2021, in noncompliance with Ark. Code Ann. § 19-8-107.

Police Chief

It came to our attention that the Police Chief pawned a City-owned firearm. According to law enforcement records, a city official used personal funds to retrieve the firearm from the pawn shop, and the firearm was returned to the City. Police Chief Glen Smith, who retired on September 13, 2022, has been charged with theft of property; this case is pending.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local City government, state executive and oversight 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 cursive script that reads "Roger A. Norman".

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

Little Rock, Arkansas
February 22, 2023
LOM104721

CITY OF HOXIE, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2021	\$ 407,560	\$ 437,466
Receipts:		
State aid	44,694	254,729
Federal aid	2,550	269,440
Property taxes	27,852	19,349
Franchise fees	132,041	
Sales taxes	464,286	51,715
Fines, forfeitures, and costs	65,654	18,088
Interest	676	227
Local permits and fees	44,650	
Sanitation fees	151,645	
Fire protection fees	34,033	
Principal on notes receivable		16,387
Interest on notes receivable		4,590
Other	23,160	4,436
Total Receipts	<u>991,241</u>	<u>638,961</u>
Disbursements:		
General government	303,269	22,037
Law enforcement	385,912	10,928
Highways and streets		328,510
Public safety	111,057	26,305
Sanitation	179,792	
Health	15,128	
Recreation and culture	20,450	
Debt service	19,140	7,361
Total Disbursements	<u>1,034,748</u>	<u>395,141</u>
Cash Balance, December 31, 2021	<u>\$ 364,053</u>	<u>\$ 681,286</u>

CITY OF HOXIE, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (UNAUDITED)

Schedule 2

	Street	Fire Equipment and Training	Criminal Justice	Jail	Reuse Job Stimulus	Drug Control	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 203,316	\$ 13,424	\$ 4,052	\$ 5,259	\$ 211,081	\$ 334		\$ 437,466
Receipts:								
State aid	225,498	29,231						254,729
Federal aid							\$ 269,440	269,440
Property taxes	19,349							19,349
Sales taxes	51,715							51,715
Fines, forfeitures, and costs			5,752	12,336				18,088
Interest	128		2		97			227
Principal on notes receivable					16,387			16,387
Interest on notes receivable					4,590			4,590
Other	2,545	1,891						4,436
Total Receipts	299,235	31,122	5,754	12,336	21,074		269,440	638,961
Disbursements:								
General government							22,037	22,037
Law enforcement			4,648	6,280				10,928
Highways and streets	328,510							328,510
Public safety		26,305						26,305
Debt service	7,361							7,361
Total Disbursements	335,871	26,305	4,648	6,280			22,037	395,141
Cash Balance, December 31, 2021	\$ 166,680	\$ 18,241	\$ 5,158	\$ 11,315	\$ 232,155	\$ 334	\$ 247,403	\$ 681,286

CITY OF HOXIE, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand accounts and certificates of deposit.

2. The General Fund column on the Financial Schedules includes the following bank accounts:
General, Sanitation, Checking Certificate of Deposit, Certificate of Deposit, and Volunteer Fire Department

3. The cash balance at year-end in the custodial fund is as follows:

	December 31, 2021
	<u> </u>
Payroll	<u>\$ 12,538</u>

This balance represents payroll taxes that have not been transferred to the appropriate entities.

4. The Municipality's capital assets records are summarized below:

	December 31, 2021
	<u> </u>
Land	\$ 198,441
Buildings	456,613
Equipment	<u>955,829</u>
Total	<u>\$ 1,610,883</u>

5. The outstanding balance at year-end for long-term liabilities is as follows:

	December 31, 2021
	<u> </u>
Notes payable	<u>\$ 48,928</u>

6. The City received federal funding in the following amount related to COVID-19 relief:

	December 31, 2021
	<u> </u>
American Rescue Plan Act (ARPA)	<u>\$ 269,440</u>