

City of Hoxie, Arkansas

Financial and Compliance Report

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HOXIE, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2022

Financial and Compliance Report

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Arkansas

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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

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, 2022, and have issued our report thereon dated January 23, 2024. These procedures were not performed for the Water, Sewer, and Utilities 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 2022:

Mayor: Dennis Coggins
Clerk: Verna Coats
Treasurer: Delinda Duckworth
Police Chief: Glen Smith (Placed on paid administrative leave August 9, 2022)
Bubba Blackwood (interim chief August 9, 2022 – September 22, 2022)
Eric Cheatham (Appointed September 22, 2022)

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 office of the **Mayor**.

Mayor

On December 14, 2021, the City Council approved a \$110,000 loan to a company owned, in part, by the City Attorney. The loaned funds originated from the City's Re-Use Job Stimulus Fund, which, according to the City's Re-Use Plan (Plan), should be used to revitalize and expand business and industrial employment in the City. Subsequently, the company purchased land, partially owned by the Mayor, and built storage units within the City. The Hoxie Administration Board of Directors (Board) reviewed the company's loan request but did not require submission of a loan application, in noncompliance with Plan policy. City officials indicated that Board approval of Re-Use loans without an application was a regular practice.

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
January 23, 2024
LOM104722

CITY OF HOXIE, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2022	\$ 364,053	\$ 681,286
Receipts:		
State aid	66,184	256,158
Federal aid	18,102	269,437
Property taxes	31,419	19,626
Franchise fees	143,887	
Sales taxes	481,117	77,099
Fines, forfeitures, and costs	45,436	18,037
Interest	1,129	859
Local permits and fees	41,600	
Sanitation fees	144,390	
Fire protection fees	32,492	
Principal on notes receivable		27,383
Interest on notes receivable		6,000
Insurance proceeds		16,240
Sale of land		140,000
Other	142,330	27,600
Total Receipts	<u>1,148,086</u>	<u>858,439</u>
Disbursements:		
General government	234,901	
Law enforcement	413,734	28,427
Highways and streets		254,884
Public safety	125,744	44,264
Sanitation	164,623	
Health	14,056	
Recreation and culture	259,702	
Economic development		110,000
Wastewater		244,943
Debt service	42,166	7,339
Total Disbursements	<u>1,254,926</u>	<u>689,857</u>
Cash Balance, December 31, 2022	<u>\$ 257,213</u>	<u>\$ 849,868</u>

CITY OF HOXIE, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (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, 2022	\$ 166,680	\$ 18,241	\$ 5,158	\$ 11,315	\$ 232,155	\$ 334	\$ 247,403	\$ 681,286
Receipts:								
State aid	224,303	31,855						256,158
Federal aid							269,437	269,437
Property taxes	19,626							19,626
Sales taxes	77,099							77,099
Fines, forfeitures, and costs			5,752	12,285				18,037
Interest	388		33		438			859
Principal on notes receivable					27,383			27,383
Interest on notes receivable					6,000			6,000
Insurance proceeds			6,670	9,570				16,240
Sale of land					140,000			140,000
Other	27,600							27,600
Total Receipts	349,016	31,855	12,455	21,855	173,821		269,437	858,439
Disbursements:								
Law enforcement			9,264	19,128		35		28,427
Highways and streets	254,884							254,884
Public safety		44,264						44,264
Economic development					110,000			110,000
Contribution to sewer							244,943	244,943
Debt service	7,339							7,339
Total Disbursements	262,223	44,264	9,264	19,128	110,000	35	244,943	689,857
Cash Balance, December 31, 2022	\$ 253,473	\$ 5,832	\$ 8,349	\$ 14,042	\$ 295,976	\$ 299	\$ 271,897	\$ 849,868

CITY OF HOXIE, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(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, 2022
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Payroll	\$ 1,593
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This balance represents payroll taxes that has not been transferred to the appropriate entities.

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

	December 31, 2022
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Land	\$ 349,006
Buildings	456,613
Equipment	1,081,370
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Total	\$ 1,886,989
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5. The City received federal funding of the following amount related to COVID-19 relief:

	December 31, 2022
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American Rescue Plan Act (ARPA)	\$ 269,437
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