

**City of Cave Springs, Arkansas**

**Financial and Compliance Report**

**December 31, 2023, 2022, and 2021**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF CAVE SPRINGS, ARKANSAS  
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# Arkansas

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## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Financial and Compliance Report

City of Cave Springs, 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 Cave Springs, Arkansas, as of and for the years ended December 31, 2023, 2022, and 2021, and have issued our report thereon dated August 5, 2024. These procedures were not performed for the Water and Wastewater Department. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The finding contained in this section relates to the following officials who held office during 2023, 2022, and 2021:

Mayor: Randall Noblett  
Clerk/Treasurer: Kimberly Hutcheson  
District Court Clerk: Grace Fielding  
Police Chief: Rick Crisman

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.

During our evaluation, other matters came to our attention that would warrant disclosure in this report.

#### Other Issues

Six unauthorized withdrawals totaling \$14,780 were made from the City's Street Fund bank account between October 8, 2021 and November 15, 2021. City personnel discovered the unauthorized withdrawals upon reconciliation of the affected bank account, and the funds were recovered from the bank.

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 black ink, appearing to read "Kevin White".

Kevin William White, CPA, JD  
Legislative Auditor

Little Rock, Arkansas  
August 5, 2024  
LOM120323

CITY OF CAVE SPRINGS, ARKANSAS  
SCHEDULE OF FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
Cash Balance, January 1, 2023	\$ 2,587,582	\$ 1,140,453	\$ 234,310	\$ 2,893,682
Receipts:				
State aid	83,547	627,820		
Federal aid		1,000		
Property taxes	439,262	157,315		
Franchise fees	291,963			
Sales taxes	2,565,903		1,078,282	
Fines, forfeitures, and costs	54,046	17,262		
Interest	12,502	4,697	16,696	77,335
Local permits and fees	254,543			
Fire department dues and contracts		97,120		
Other	90,178	3,912		
Transfers in	1,375	3,660	34,734	
Total Receipts	<u>3,793,319</u>	<u>912,786</u>	<u>1,129,712</u>	<u>77,335</u>
Disbursements:				
General government	767,822			20,404
Law enforcement	1,520,204			
Highways and streets		1,139,673		
Public safety	1,360,667	120,778		40
Water and sewer				2,076,105
Debt service	94,436		1,077,908	
Transfers out	29,817	1,375		8,577
Total Disbursements	<u>3,772,946</u>	<u>1,261,826</u>	<u>1,077,908</u>	<u>2,105,126</u>
Cash Balance, December 31, 2023	<u>\$ 2,607,955</u>	<u>\$ 791,413</u>	<u>\$ 286,115</u>	<u>\$ 865,891</u>

CITY OF CAVE SPRINGS, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (UNAUDITED)

Schedule 2

	Street	Fire Association	Fire Equipment and Training (Act 833)	Court Automation	Rescue Emergency Management	American Rescue Plan Act	Total
Cash Balance, January 1, 2023	\$ 927,453	\$ 188,975	\$ 7,514	\$ 12,972	\$ 2,166	\$ 1,373	\$ 1,140,453
Receipts:							
State aid	593,196		34,624				627,820
Federal aid			1,000				1,000
Property taxes	157,315						157,315
Fines, forfeitures, and costs				10,617	6,645		17,262
Interest	3,513	1,098	84			2	4,697
Fire department dues and contracts		97,120					97,120
Other	3,292	620					3,912
Transfers in			3,660				3,660
Total Receipts	<u>757,316</u>	<u>98,838</u>	<u>39,368</u>	<u>10,617</u>	<u>6,645</u>	<u>2</u>	<u>912,786</u>
Disbursements:							
Highways and streets	1,139,673						1,139,673
Public safety		80,457	40,321				120,778
Transfers out						1,375	1,375
Total Disbursements	<u>1,139,673</u>	<u>80,457</u>	<u>40,321</u>			<u>1,375</u>	<u>1,261,826</u>
Cash Balance, December 31, 2023	<u>\$ 545,096</u>	<u>\$ 207,356</u>	<u>\$ 6,561</u>	<u>\$ 23,589</u>	<u>\$ 8,811</u>	<u>\$ 0</u>	<u>\$ 791,413</u>

CITY OF CAVE SPRINGS, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - DEBT SERVICE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (UNAUDITED)

Schedule 3

	Franchise Fee Revenue Bonds	Sales and Use Tax Bonds	Total
Cash Balance, January 1, 2023	\$ 8,766	\$ 225,544	\$ 234,310
Receipts:			
Sales taxes		1,078,282	1,078,282
Interest	519	16,177	16,696
Transfers in	26,157	8,577	34,734
Total Receipts	26,676	1,103,036	1,129,712
Disbursements:			
Debt service	26,045	1,051,863	1,077,908
Cash Balance, December 31, 2023	\$ 9,397	\$ 276,718	\$ 286,115

CITY OF CAVE SPRINGS, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (UNAUDITED)

Schedule 4

	Fire, Water, and Sewer Improvements	Community Building Improvements	Total
Cash Balance, January 1, 2023	\$ 2,217,704	\$ 675,978	\$ 2,893,682
Receipts:			
Interest	74,025	3,310	77,335
Disbursements:			
General government		20,404	20,404
Public safety	40		40
Water and sewer	2,076,105		2,076,105
Transfers out	8,577		8,577
Total Disbursements	2,084,722	20,404	2,105,126
Cash Balance, December 31, 2023	\$ 207,007	\$ 658,884	\$ 865,891

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

Schedule 5

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
Cash Balance, January 1, 2022	\$ 1,412,670	\$ 1,397,013	\$ 225,155	\$ 6,001,423
Receipts:				
State aid	146,566	593,678		
Federal aid		546,540		
Property taxes	389,957	139,252		
Franchise fees	251,616			
Sales taxes	2,303,748		974,649	
Fines, forfeitures, and costs	33,975	3,365		
Interest	5,544	4,366	3,678	38,005
Local permits and fees	125,916			
Fire department dues and contracts		116,220		
Other	82,062	1,609		
Transfers in		39,190	29,682	525,000
Total Receipts	<u>3,339,384</u>	<u>1,444,220</u>	<u>1,008,009</u>	<u>563,005</u>
Disbursements:				
General government	1,058,525			
Law enforcement	321,727	943,024		
Highways and streets		454,623		
Public safety	102,682	303,133		1,421,277
Water and sewer				2,247,282
Debt service	89,853		998,854	
Transfers out	591,685			2,187
Total Disbursements	<u>2,164,472</u>	<u>1,700,780</u>	<u>998,854</u>	<u>3,670,746</u>
Cash Balance, December 31, 2022	<u>\$ 2,587,582</u>	<u>\$ 1,140,453</u>	<u>\$ 234,310</u>	<u>\$ 2,893,682</u>



CITY OF CAVE SPRINGS, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (UNAUDITED)

Schedule 6

	Street	Fire Association	Fire Equipment and Training (Act 833)	Court Automation	Rescue Emergency Management	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 674,232	\$ 147,444	\$ 12,932	\$ 11,307	\$ 4,552	\$ 546,546	\$ 1,397,013
Receipts:							
State aid	566,167		27,511				593,678
Federal aid						546,540	546,540
Property taxes	139,252						139,252
Fines, forfeitures, and costs				1,665	1,700		3,365
Interest	2,425	560	8			1,373	4,366
Fire department dues and contracts		116,220					116,220
Other		1,609					1,609
Transfers in		39,190					39,190
Total Receipts	<u>707,844</u>	<u>157,579</u>	<u>27,519</u>	<u>1,665</u>	<u>1,700</u>	<u>547,913</u>	<u>1,444,220</u>
Disbursements:							
Law enforcement					4,086	938,938	943,024
Highways and streets	454,623						454,623
Public safety		116,048	32,937			154,148	303,133
Total Disbursements	<u>454,623</u>	<u>116,048</u>	<u>32,937</u>		<u>4,086</u>	<u>1,093,086</u>	<u>1,700,780</u>
Cash Balance, December 31, 2022	<u>\$ 927,453</u>	<u>\$ 188,975</u>	<u>\$ 7,514</u>	<u>\$ 12,972</u>	<u>\$ 2,166</u>	<u>\$ 1,373</u>	<u>\$ 1,140,453</u>

CITY OF CAVE SPRINGS, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - DEBT SERVICE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (UNAUDITED)

Schedule 7

	Franchise Fee Revenue Bonds	Sales and Use Tax Bonds	Total
Cash Balance, January 1, 2022	\$ 6,864	\$ 218,291	\$ 225,155
Receipts:			
Sales taxes		974,649	974,649
Interest	82	3,596	3,678
Transfers in	27,495	2,187	29,682
Total Receipts	<u>27,577</u>	<u>980,432</u>	<u>1,008,009</u>
Disbursements:			
Debt service	<u>25,675</u>	<u>973,179</u>	<u>998,854</u>
Cash Balance, December 31, 2022	<u>\$ 8,766</u>	<u>\$ 225,544</u>	<u>\$ 234,310</u>

CITY OF CAVE SPRINGS, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (UNAUDITED)

Schedule 8

	Fire, Water, and Sewer Improvements	Community Building Improvements	Total
Cash Balance, January 1, 2022	\$ 5,851,423	\$ 150,000	\$ 6,001,423
Receipts:			
Interest	37,027	978	38,005
Transfers in		525,000	525,000
Total Receipts	37,027	525,978	563,005
Disbursements:			
Public safety	1,421,277		1,421,277
Water and sewer	2,247,282		2,247,282
Transfers out	2,187		2,187
Total Disbursements	3,670,746		3,670,746
Cash Balance, December 31, 2022	\$ 2,217,704	\$ 675,978	\$ 2,893,682

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

Schedule 9

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
Cash Balance, January 1, 2021	\$ 1,273,531	\$ 860,164	\$ 394,421	\$ 7,111,407
Receipts:				
State aid	66,867	373,193		
Federal aid	2,550	676,853		
Property taxes	347,489	120,143		
Franchise fees	224,013			
Sales taxes	1,548,819		930,596	
Fines, forfeitures, and costs	43,488	3,022		
Interest	4,871	2,176	45	518
Local permits and fees	140,722			
Fire department dues and contracts		88,150		
Other	39,695	774		
Transfers in			21,141	150,000
Total Receipts	<u>2,418,514</u>	<u>1,264,311</u>	<u>951,782</u>	<u>150,518</u>
Disbursements:				
General government	918,778			
Law enforcement	1,013,830			
Highways and streets		606,769		
Public safety	85,787	120,693		602,261
Water and sewer				658,227
Debt service	89,853		1,121,048	
Transfers out	171,127			14
Total Disbursements	<u>2,279,375</u>	<u>727,462</u>	<u>1,121,048</u>	<u>1,260,502</u>
Cash Balance, December 31, 2021	<u>\$ 1,412,670</u>	<u>\$ 1,397,013</u>	<u>\$ 225,155</u>	<u>\$ 6,001,423</u>

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

Schedule 10

	Street	Fire Association	Fire Equipment and Training (Act 833)	Court Automation	Rescue Emergency Management	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 681,352	\$ 135,383	\$ 30,592	\$ 10,090	\$ 2,747		\$ 860,164
Receipts:							
State aid	347,948		25,245				373,193
Federal aid	129,307		1,000			\$ 546,546	676,853
Property taxes	120,143						120,143
Fines, forfeitures, and costs				1,217	1,805		3,022
Interest	2,165		11				2,176
Fire department dues and contracts		88,150					88,150
Other	86	688					774
Total Receipts	<u>599,649</u>	<u>88,838</u>	<u>26,256</u>	<u>1,217</u>	<u>1,805</u>	<u>546,546</u>	<u>1,264,311</u>
Disbursements:							
Highways and streets	606,769						606,769
Public safety		76,777	43,916				120,693
Total Disbursements	<u>606,769</u>	<u>76,777</u>	<u>43,916</u>				<u>727,462</u>
Cash Balance, December 31, 2021	<u>\$ 674,232</u>	<u>\$ 147,444</u>	<u>\$ 12,932</u>	<u>\$ 11,307</u>	<u>\$ 4,552</u>	<u>\$ 546,546</u>	<u>\$ 1,397,013</u>

CITY OF CAVE SPRINGS, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - DEBT SERVICE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 (UNAUDITED)

Schedule 11

	Franchise Fee Revenue Bonds	Sales and Use Tax Bonds	Total
Cash Balance, January 1, 2021	\$ 37,765	\$ 356,656	\$ 394,421
Receipts:			
Sales taxes		930,596	930,596
Interest	14	31	45
Transfers in	21,127	14	21,141
Total Receipts	21,141	930,641	951,782
Disbursements:			
Debt service	52,042	1,069,006	1,121,048
Cash Balance, December 31, 2021	\$ 6,864	\$ 218,291	\$ 225,155

CITY OF CAVE SPRINGS, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 (UNAUDITED)

Schedule 12

	Fire, Water, and Sewer Improvements	Community Building Improvements	Total
Cash Balance, January 1, 2021	\$ 7,111,407		\$ 7,111,407
Receipts:			
Interest	518		518
Transfers in		\$ 150,000	150,000
Total Receipts	518	150,000	150,518
Disbursements:			
Public safety	602,261		602,261
Water and sewer	658,227		658,227
Transfers out	14		14
Total Disbursements	1,260,502		1,260,502
Cash Balance, December 31, 2021	\$ 5,851,423	\$ 150,000	\$ 6,001,423

CITY OF CAVE SPRINGS, ARKANSAS  
 OTHER INFORMATION  
 FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021  
 (UNAUDITED)

1. Cash balances on the Financial Schedules include demand accounts.
2. The General Fund column on the Financial Schedules includes the following bank accounts:  
 General, Undercover Operations, and Capital Improvements
3. Cash balances at year-end in the custodial funds are as follows:

	December 31, 2023	December 31, 2022	December 31, 2021
District Court	\$ 10,633	\$ 4,210	\$ 6,670
Administration of Justice Fund	(1,811)	6,962	6,962

These balances represent fines, forfeitures, and costs that have not been transferred to the appropriate entities.

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

	December 31, 2023	December 31, 2022	December 31, 2021
Land	\$ 153,651	\$ 153,651	\$ 153,651
Buildings	3,033,480	541,032	541,032
Equipment	2,031,329	2,005,062	1,833,491
Totals	\$ 5,218,460	\$ 2,699,745	\$ 2,528,174



CITY OF CAVE SPRINGS, ARKANSAS  
OTHER INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021  
(UNAUDITED)

Schedule 13

5. Outstanding balances at year-end for long-term liabilities are as follows:

	December 31, 2023	December 31, 2022	December 31, 2021
Franchise Fee Revenue Refunding Bonds, Series 2013, dated April 24, 2013, in the amount of \$324,000 due in annual installments of varying amounts plus interest through September 1, 2029, interest rate of 3.5%. Payments are to be made from the Franchise Fee Revenue Bonds Debt Service Fund.	\$ 128,000	\$ 147,000	\$ 165,000
Sales and Use Tax Bonds, Series 2020, dated March 3, 2020, in the amount of \$7,585,000 due in annual installments of varying amounts plus interest through June 1, 2050, interest rate of 2.0% - 3.0%. Payments are to be made from the Sales and Use Tax Bonds Debt Service Fund.	5,025,000	5,920,000	6,715,000
Financed purchase dated February 12, 2020, with First Security Bank in the amount of \$158,643 with interest rate of 3.76% for the purchase of radio pagers. Monthly payments of \$2,904 for 47 months. Payments are to be made from the General Fund.	39,835	72,492	103,930
Financed purchase dated April 22, 2020, with First Security Bank in the amount of \$250,000 with interest rate of 3.76% for the purchase of police cars. Monthly payments of \$4,583 for 60 months. Payments are to be made from the General Fund.	67,032	122,600	171,903
Total	\$ 5,259,867	\$ 6,262,092	\$ 7,155,833

CITY OF CAVE SPRINGS, ARKANSAS  
OTHER INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021  
(UNAUDITED)

6. The City is obligated for the following amounts at December 31, 2023:

Years Ending December 31,	Financed Purchases	Bonds	Total
2024	\$ 89,853	\$ 342,367	\$ 432,220
2025	19,693	336,118	355,811
2026		340,717	340,717
2027		341,058	341,058
2028		342,237	342,237
2029 through 2033		963,820	963,820
2034 through 2038		1,550,906	1,550,906
2039 through 2043		1,539,538	1,539,538
2044 through 2045		1,222,650	1,222,650
Total Obligations	109,546	6,979,411	7,088,957
Less Interest	2,679	1,826,411	1,829,090
Total Principal	<u>\$ 106,867</u>	<u>\$ 5,153,000</u>	<u>\$ 5,259,867</u>

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

Years Ending December 31,	Financed Purchases	Bonds	Total
2023	\$ 89,853	\$ 361,923	\$ 451,776
2024	89,853	361,782	451,635
2025	24,276	355,533	379,809
2026		360,132	360,132
2027		360,472	360,472
2028 through 2032		1,301,820	1,301,820
2033 through 2037		1,678,169	1,678,169
2038 through 2042		1,672,638	1,672,638
2043 through 2047		1,673,950	1,673,950
2048 through 2050		392,662	392,662
Total Obligations	203,982	8,519,081	8,723,063
Less Interest	8,890	2,452,081	2,460,971
Total Principal	<u>\$ 195,092</u>	<u>\$ 6,067,000</u>	<u>\$ 6,262,092</u>

CITY OF CAVE SPRINGS, ARKANSAS  
OTHER INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021  
(UNAUDITED)

Schedule 13

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

Years Ending December 31,	Financed Purchases	Bonds	Total
2022	\$ 89,853	\$ 377,068	\$ 466,921
2023	89,853	377,112	466,965
2024	89,853	376,973	466,826
2025	24,276	370,722	394,998
2026		375,322	375,322
2027 through 2031		1,617,515	1,617,515
2032 through 2036		1,784,306	1,784,306
2037 through 2041		1,784,613	1,784,613
2042 through 2046		1,795,350	1,795,350
2047 through 2050		1,074,893	1,074,893
Total Obligations	293,835	9,933,874	10,227,709
Less Interest	18,002	3,053,874	3,071,876
Total Principal	<u>\$ 275,833</u>	<u>\$ 6,880,000</u>	<u>\$ 7,155,833</u>

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

	December 31, 2022	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 546,540</u>	<u>\$ 546,546</u>

8. On July 13, 2023, the City deposited \$4,365 of state aid intended for the City of Cave City. The City paid these funds back to the State on March 29, 2024.