

City of Flippin, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



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

Financial and Compliance Report

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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Flippin, 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 Flippin, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated December 16, 2022. These procedures were not performed for the Water and Sewer Department. 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: Jerald Marberry
Recorder: Elizabeth Johnson
Deputy City Clerk: Sandra Balogh
Police Chief: Henry Campfield

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 **Mayor** and **Deputy City Clerk**.

Mayor

The General and Street Fund disbursements exceeded total appropriations by \$324,406 (34%) and \$137,146 (135%), respectively, in noncompliance with Ark. Code Ann. § 14-58-203. A similar finding was noted in the prior report.

The governing body did not review the prior report and accompanying comments and recommendations at the first regularly scheduled meeting following the receipt of the report, in noncompliance with Ark. Code Ann. § 10-4-418.

Deputy City Clerk

Cash receipts and disbursements journals were not properly classified, posted, and reconciled with bank deposits and withdrawals, in noncompliance with Ark. Code Ann. §§ 14-59-108, 110, 111. A similar finding was noted in the prior report.

Mayor/Deputy City Clerk

Salaries budgeted were not detailed; therefore, we were unable to determine the authorized salary for the Mayor and payroll preparer.

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



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

Little Rock, Arkansas
December 16, 2022
LOM205721

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

Schedule 1

	General Fund	Special Revenue Funds	Pension Trust Fund <u>Firemen's Pension</u>
Cash and Investments Balance, January 1, 2021	\$ 808,781	\$ 435,757	\$ 211,146
Receipts:			
State aid	22,012	111,490	2,837
Federal aid		216,204	
Property taxes	28,439	24,562	6,545
Franchise fees	79,497		
Sales taxes	976,638		
Fines, forfeitures, and costs	43,017	3,721	
Interest	507	519	19,175
Local permits and fees	11,763		
Reimbursement for law enforcement	10,000		
Net increase/(decrease) in fair value of investments			3,112
Donations	9,540	10,000	
Other	33,617	89	
Transfers in		84,380	
Unclassified	110,885	69	
Total Receipts	<u>1,325,915</u>	<u>451,034</u>	<u>31,669</u>
Disbursements:			
General government	241,402	14,377	
Law enforcement	426,086	68,517	
Highways and streets		230,551	
Public safety	178,433	30,439	27,540
Recreation and culture	121,589	3,912	
Contribution to water		28,182	
Debt service	63,674	7,889	
Transfers out	84,380		
Unclassified	18,666		
Total Disbursements	<u>1,134,230</u>	<u>383,867</u>	<u>27,540</u>
Cash and Investments Balance, December 31, 2021	<u>\$ 1,000,466</u>	<u>\$ 502,924</u>	<u>\$ 215,275</u>

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

Schedule 2

	Street	Local Police and Fire Retirement (LOPFI)	District Court Automation	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 326,347	\$ 98,537	\$ 10,873		\$ 435,757
Receipts:					
State aid	111,490				111,490
Federal aid	79,257			\$ 136,947	216,204
Property taxes	24,562				24,562
Fines, forfeitures, and costs			3,721		3,721
Interest	219	254		46	519
Donations	10,000				10,000
Other	89				89
Transfers in	30,000	54,380			84,380
Unclassified		69			69
Total Receipts	255,617	54,703	3,721	136,993	451,034
Disbursements:					
General government				14,377	14,377
Law enforcement		35,400	3,701	29,416	68,517
Highways and streets	230,551				230,551
Public safety		19,061		11,378	30,439
Recreation and culture				3,912	3,912
Contribution to water				28,182	28,182
Debt service	7,889				7,889
Total Disbursements	238,440	54,461	3,701	87,265	383,867
Cash Balance, December 31, 2021	\$ 343,524	\$ 98,779	\$ 10,893	\$ 49,728	\$ 502,924

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

Schedule 3

1. Cash and Investments balances on the Financial Schedules include demand and savings accounts, certificates of deposit, and Firemen's Pension Fund investments in mutual funds.

2. The General Fund column on the Financial Schedules includes the following bank accounts:
General, Police Registration, Police Depreciation, Police Department, City Jail Fee, Fire Equipment and Training - Act 833, Fire Department, Fire Truck, Fire Department Building and Emergency, and Parks Department.

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

	December 31, 2021
District Court	\$ 6,162

This balance 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, 2021
Land	\$ 296,700
Buildings	864,001
Equipment	1,486,248
Total	<u>\$ 2,646,949</u>

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

	December 31, 2021
Leases payable	\$ 48,972
Notes payable	70,131
Letter of Credit	340,889
Total	<u>\$ 459,992</u>

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

	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 136,947</u>