

City of Flippin, Arkansas

Financial and Compliance Report

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



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

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Arkansas

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Sen. John Payton
Senate Vice Chair



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House 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 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, 2022, and have issued our report thereon dated November 1, 2023. 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 2022:

Mayor: Jerald Marberry
Recorder: Elizabeth Johnson
Deputy City Clerk: Sandra Balogh
District Court 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 Fund disbursements exceeded total appropriations by \$590,816 (54%) in noncompliance with Ark. Code Ann. § 14-58-203. A similar finding was noted in the prior two reports dating back to 2018.

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 two reports dating back to 2018.

The annual financial statements were not published or posted, as required by Ark. Code Ann. § 14-59-116.

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, appearing to read "Roger A. Norman".

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

Little Rock, Arkansas
November 1, 2023
LOM205722

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

Schedule 1

	General Fund	Special Revenue Funds	Pension Trust Fund <u>Firemen's Pension</u>
Cash and Investments Balance, January 1, 2022	\$ 1,000,466	\$ 502,924	\$ 215,275
Receipts:			
State aid	51,123	119,870	2,585
Federal aid		136,953	
Property taxes	33,604	27,841	7,425
Franchise fees	82,897		
Sales taxes	1,064,977		
Fines, forfeitures, and costs	27,634	2,427	
Interest	404	186	11,591
Local permits and fees	17,900		
Donations	15,375		
Other	86,029	385	
Transfers in		92,862	
Unclassified	459,171		
Total Receipts	<u>1,839,114</u>	<u>380,524</u>	<u>21,601</u>
Disbursements:			
General government	309,698	164,709	
Law enforcement	438,325	68,459	
Highways and streets		138,760	
Public safety	399,695	22,977	23,937
Recreation and culture	144,134		
Debt service	70,227	1,858	
Transfers out	92,862		
Unclassified	234,910		
Total Disbursements	<u>1,689,851</u>	<u>396,763</u>	<u>23,937</u>
Cash and Investments Balance, December 31, 2022	<u>\$ 1,149,729</u>	<u>\$ 486,685</u>	<u>\$ 212,939</u>

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

Schedule 2

	Street	Local Police and Fire Retirement (LOPFI)	District Court Automation	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 343,524	\$ 98,779	\$ 10,893	\$ 49,728	\$ 502,924
Receipts:					
State aid	119,870				119,870
Federal aid				136,953	136,953
Property taxes	27,841				27,841
Fines, forfeitures, and costs			2,427		2,427
Interest		166		20	186
Other	385				385
Transfers in	28,200	64,662			92,862
Total Receipts	<u>176,296</u>	<u>64,828</u>	<u>2,427</u>	<u>136,973</u>	<u>380,524</u>
Disbursements:					
General government				164,709	164,709
Law enforcement		42,672	3,795	21,992	68,459
Highways and streets	138,760				138,760
Public safety		22,977			22,977
Debt service	1,858				1,858
Total Disbursements	<u>140,618</u>	<u>65,649</u>	<u>3,795</u>	<u>186,701</u>	<u>396,763</u>
Cash Balance, December 31, 2022	<u>\$ 379,202</u>	<u>\$ 97,958</u>	<u>\$ 9,525</u>	<u>\$ 0</u>	<u>\$ 486,685</u>

CITY OF FLIPPIN, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Schedule 3

1. Cash and Investments balances on the Financial Schedules include demand and savings accounts and 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, 2022
District Court	\$ 9,896

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, 2022
Land	\$ 296,700
Buildings	936,001
Equipment	1,570,876
Total	<u>\$ 2,803,577</u>

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

	December 31, 2022
Financed purchases	\$ 207,146
Letter of Credit	316,717
Total	<u>\$ 523,863</u>

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

	December 31, 2022
American Rescue Plan Act (ARPA)	<u>\$ 136,953</u>