

City of Glenwood, Arkansas

Financial and Compliance Report

December 31, 2021 and 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF GLENWOOD, ARKANSAS
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FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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Arkansas

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Senate Chair
Sen. John Payton
Senate Vice Chair



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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Glenwood, 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 Glenwood, Arkansas, as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated May 2, 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 and 2020:

Mayor: Billy Smith
Recorder/Treasurer: Sharon Nobel (resigned December 31, 2020)
Bridgette Moore (appointed December 31, 2020)
District Court Clerk: Brenda Wilson
Police Chief: Clark Kinzler

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

During August 2021, the Mayor took possession of City-owned asphalt millings from City property and used the millings at his personal residence and the residence of a family member. In August 2022, the Mayor was charged with Theft of Property and Abuse of Office, both Class A misdemeanors. As a result of a plea agreement, the Mayor was ordered to pay \$3,000 in restitution to the City and \$490 in court fines and fees, must resign from the office of Mayor, and may not seek election to any other public office.

City council minutes did not document the Council's review of findings and recommendations related to the prior report, as required by Ark. Code Ann. § 10-4-418.

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 that reads "Roger A. Norman".

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

Little Rock, Arkansas
May 2, 2023
LOM206521

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

Schedule 1

	General Fund	Special Revenue Funds	Pension Trust Fund - Fireman's Pension
Cash and Investment Balance, January 1, 2021	\$ 555,719	\$ 2,029,993	\$ 179,119
Receipts:			
State aid	35,779	209,890	2,837
Federal aid	68,185	220,441	
Property taxes	169,023	21,785	
Franchise fees	111,518		
Sales taxes	750,183	692,969	
Fines, forfeitures, and costs	48,892	3,461	
Interest	935	4,319	3
Local permits and fees	38,977		
Sanitation fees		33,234	
Dividends			4,965
Net increase/(decrease) in fair value of investments			18,222
Other	20,378	23,735	
Transfers in	2,250	25,000	
Contribution from water and sewer department	11,000		
Total Receipts	<u>1,257,120</u>	<u>1,234,834</u>	<u>26,027</u>
Disbursements:			
General government	124,136	3,352	
Law enforcement	326,362	31,617	
Highways and streets		253,568	
Public safety	21,621	23,067	23,244
Sanitation		253,700	
Recreation and culture	99,327		
Transfers out	25,000	2,250	
Contribution to water and sewer department for debt service	750,183		
Total Disbursements	<u>1,346,629</u>	<u>567,553</u>	<u>23,244</u>
Cash and Investment Balance, December 31, 2021	<u>\$ 466,210</u>	<u>\$ 2,697,274</u>	<u>\$ 181,902</u>

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

Schedule 2

	Street	Sanitation	Local Police and Fire Retirement (LOPFI)	Fire Protection - Act 833	Court Installment	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 1,269,311	\$ 722,673	\$ 7,623	\$ 29,268	\$ 1,118		\$ 2,029,993
Receipts:							
State aid	180,439			29,451			209,890
Federal aid						\$ 220,441	220,441
Property taxes	21,785						21,785
Sales taxes	375,091	317,878					692,969
Fines, forfeitures, and costs					3,461		3,461
Interest	1,421	2,786	75			37	4,319
Sanitation fees		33,234					33,234
Other	19,336	848	3,551				23,735
Transfers in			25,000				25,000
Total Receipts	598,072	354,746	28,626	29,451	3,461	220,478	1,234,834
Disbursements:							
General government						3,352	3,352
Law enforcement			27,930		3,687		31,617
Highways and streets	253,568						253,568
Public safety			3,726	19,341			23,067
Sanitation		253,700					253,700
Transfers out		2,250					2,250
Total Disbursements	253,568	255,950	31,655	19,341	3,687	3,352	567,553
Cash Balance, December 31, 2021	\$ 1,613,815	\$ 821,469	\$ 4,594	\$ 39,378	\$ 892	\$ 217,126	\$ 2,697,274

CITY OF GLENWOOD, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Schedule 3

	General Fund	Special Revenue Funds	Pension Trust Fund - Fireman's Pension
Cash and Investment Balance, January 1, 2020	\$ 509,257	\$ 1,618,385	\$ 182,172
Receipts:			
State aid	33,057	196,596	3,106
Federal aid	94,527	5,600	
Property taxes	147,654	22,243	
Franchise fees	108,480		
Sales taxes	645,747	605,637	
Fines, forfeitures, and costs	42,100	3,941	
Interest	2,385	5,430	4
Local permits and fees	35,074		
Sanitation fees		23,520	
Dividends			12,253
Net increase/(decrease) in fair value of investments			3,975
Other	12,906	2,482	
Transfers in	5,000	5,600	
Contribution from water and sewer department	5,000		
Total Receipts	<u>1,131,930</u>	<u>871,049</u>	<u>19,338</u>
Disbursements:			
General government	122,240		
Law enforcement	250,892	24,795	
Highways and streets		170,205	
Public safety	36,729	1,977	22,391
Sanitation		251,864	
Recreation and culture	29,860		
Transfers out		10,600	
Contribution to water and sewer department for debt service	645,747		
Total Disbursements	<u>1,085,468</u>	<u>459,441</u>	<u>22,391</u>
Cash and Investment Balance, December 31, 2020	<u>\$ 555,719</u>	<u>\$ 2,029,993</u>	<u>\$ 179,119</u>

CITY OF GLENWOOD, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (UNAUDITED)

Schedule 4

	Street	Sanitation	Local Police and Fire Retirement (LOPFI)	Fire Protection - Act 833	Court Installment	EDA Control	Total
Cash Balance, January 1, 2020	\$ 921,508	\$ 667,043	\$ 27,364	\$ 1,780	\$ 690		\$ 1,618,385
Receipts:							
State aid	168,193			28,403			196,596
Federal aid						\$ 5,600	5,600
Property taxes	22,243						22,243
Sales taxes	320,373	285,264					605,637
Fines, forfeitures, and costs					3,941		3,941
Interest	1,599	3,710	121				5,430
Sanitation fees		23,520					23,520
Other			2,482				2,482
Transfers in	5,600						5,600
Total Receipts	518,008	312,494	2,603	28,403	3,941	5,600	871,049
Disbursements:							
Law enforcement			21,282		3,513		24,795
Highways and streets	170,205						170,205
Public safety			1,062	915			1,977
Sanitation		251,864					251,864
Transfers out		5,000				5,600	10,600
Total Disbursements	170,205	256,864	22,344	915	3,513	5,600	459,441
Cash Balance, December 31, 2020	\$ 1,269,311	\$ 722,673	\$ 7,623	\$ 29,268	\$ 1,118	\$ 0	\$ 2,029,993

CITY OF GLENWOOD, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(UNAUDITED)

Schedule 5

1. Cash and investment balances on the Financial Schedules include demand and savings accounts, certificates of deposit, mutual funds and equity funds.
2. The General Fund column on the Financial Schedules includes the following bank accounts:
General, Fire Truck, and USDA Police Vehicle
3. Cash balances at year-end in the custodial funds are as follows:

	December 31, 2021	December 31, 2020
Police Bond and Fine	\$ 17,313	\$ 8,525
Payroll	25,249	
Police Seized Fund	217	199

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

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

	December 31, 2021	December 31, 2020
Land	\$ 170,498	\$ 170,498
Buildings	343,416	343,416
Equipment	1,299,482	1,298,490
Totals	<u>\$ 1,813,396</u>	<u>\$ 1,812,404</u>

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

Bonds:

The Glenwood Water and Sewer Department had bond issues outstanding at December 31, 2021 and December 31, 2020 totaling \$7,338,196 and \$8,523,644, respectively. The bond proceeds were used for betterments and improvements to the water and sewer system. The bonds are secured by a pledge of sales and use tax revenues. This information was obtained from the "Glenwood Water and Sewer Department" audit report as prepared by TURNER, RODGERS, MANNING & PLYLER, PLLC Certified Public Accountants dated August 29, 2022 and May 31, 2021, respectively.

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

	December 31, 2021	December 31, 2020
Coronavirus Aid, Relief and Economic Security Act (CARES)		\$ 88,244
American Rescue Plan Act (ARPA)	\$ 220,441	
Totals	<u>\$ 220,441</u>	<u>\$ 88,244</u>