

City of Grady, Arkansas

Financial and Compliance Report

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



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

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Arkansas

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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 Grady, 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 Grady, Arkansas, as of and for the year ended December 31, 2022, and have issued our report thereon dated August 14, 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: Charles Knight
Recorder/Treasurer: Lynley Powell
District Court Clark: Carmen Davis
Police Chief: Kenny Hunter

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 and Police Chief**

Mayor and Police Chief

Fines and costs revenue of \$281,932 exceeded 30% of the City's total expenditures in the preceding year by \$30,421, in noncompliance with Ark. Code Ann. § 12-8-403. This revenue was generated from traffic offense citations written or by arrests made by the City's law enforcement personnel or from ancillary actions related to the enforcement of traffic offenses.

Mayor

An audit or agreed upon procedures report has not been obtained for the Grady Water and Sewer System for the years 2021, 2020, 2019, and 2018, as required by Ark. Code Ann. § 14-234-119. A similar finding was issued in the previous reports dating back to 2018.

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

Handwritten signature of Roger A. Norman in black ink.

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

Little Rock, Arkansas
August 14, 2023
LOM206722

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

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2022	\$ 168,327	\$ 279,591
Receipts:		
State aid	4,550	46,289
Federal aid		40,504
Property taxes	16,810	8,405
Franchise fees	18,234	
Sales taxes	139,664	
Fines, forfeitures, and costs	350,852	41,814
Interest	4	
Local permits and fees	2,713	
Insurance proceeds	29,944	
Other	37,484	3,688
Transfers in		99,981
Total Receipts	<u>600,255</u>	<u>240,681</u>
Disbursements:		
General government	482,186	40,504
Law enforcement	18,761	22,249
Highways and streets		98,432
Public safety	1,328	23,604
Transfers out	99,981	
Total Disbursements	<u>602,256</u>	<u>184,789</u>
Cash Balance, December 31, 2022	<u>\$ 166,326</u>	<u>\$ 335,483</u>

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

Schedule 2

	Street	Administration of Justice	Criminal Incarceration Fund	Municipal Computer	Fire Equipment and Training Act 833	Court Automation	City Sales Tax/ Street Improvements	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 7,072	\$ 4,189	\$ 65,902	\$ 54,635	\$ 52,437	\$ 9,492	\$ 85,864		\$ 279,591
Receipts:									
State aid	26,333				19,956				46,289
Federal aid								\$ 40,504	40,504
Property taxes	8,405								8,405
Fines, forfeitures, and costs		8,102	20,535	11,092		2,085			41,814
Other	3,688								3,688
Transfers in							99,981		99,981
Total Receipts	<u>38,426</u>	<u>8,102</u>	<u>20,535</u>	<u>11,092</u>	<u>19,956</u>	<u>2,085</u>	<u>99,981</u>	<u>40,504</u>	<u>240,681</u>
Disbursements:									
General government								40,504	40,504
Law enforcement		9,591	420	12,238					22,249
Highways and streets	41,591						56,841		98,432
Public safety					23,572	32			23,604
Total Disbursements	<u>41,591</u>	<u>9,591</u>	<u>420</u>	<u>12,238</u>	<u>23,572</u>	<u>32</u>	<u>56,841</u>	<u>40,504</u>	<u>184,789</u>
Cash Balance, December 31, 2022	<u>\$ 3,907</u>	<u>\$ 2,700</u>	<u>\$ 86,017</u>	<u>\$ 53,489</u>	<u>\$ 48,821</u>	<u>\$ 11,545</u>	<u>\$ 129,004</u>	<u>\$ 0</u>	<u>\$ 335,483</u>

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

Schedule 3

1. Cash balances on the Financial Schedules include demand and savings accounts and certificates of deposit.

2. The General Fund column on the Financial Schedules includes the following bank accounts:
 General and Legal Defense

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

	December 31, 2022
District Court	\$ 74,358

This balance represents 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 and Buildings	\$ 390,877
Equipment	373,537
Total	\$ 764,414

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

	December 31, 2022
American Rescue Plan Act (ARPA)	\$ 40,504