

City of Greenway, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF GREENWAY, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Financial and Compliance Report

	<u>Schedule</u>
Schedule of Financial Information (Unaudited)	1
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	2
Other Information (Unaudited)	3

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 Greenway, 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 Greenway, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated March 7, 2022. 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:

Mayor: William McHaffey
Recorder/Treasurer: Julie Hicks
Marshal: Terry Robertson (appointed February 1, 2021))

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 **Recorder/Treasurer**.

Mayor

The City opened a line of credit with Piggott State Bank, with a maximum amount of \$30,075 and a balance at December 31, 2021 of \$18,200 for the purpose of providing financing for general purposes of City government which appears to be in conflict with Ark. Const. Amend. 78 § 2, which limits short-term financing obligations for the purpose of acquiring, constructing, installing, or renting real property or tangible property having a useful life of more than one year.

Recorder/Treasurer

1. The General, Fire Equipment and Training, and City Marshal Fund cash receipts and disbursements journals were not always properly classified and posted, as required by Ark. Code Ann. §§ 14-59-110, -111.
2. The City transferred restricted Street Fund monies of \$3,000 to the Water Department, in noncompliance with Ark. Code Ann. §§ 26-79-104, 27-70-207. Restricted funds of \$4,000 from previous years were not transferred from the Water Department to Street Fund for a total amount due to Street Fund of \$7,000 at December 31, 2021. A similar finding was noted in the previous report.

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 that reads "Roger A. Norman".

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

Little Rock, Arkansas
March 7, 2022
LOM207221

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

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2021	\$ 40,663	\$ 14,356
Receipts:		
State aid	3,298	52,675
Federal aid	19,579	
Property taxes	7,813	1,276
Franchise fees	5,522	
Sales taxes	30,180	
Fines, forfeitures, and costs	7,715	
Interest	106	
Donations		16,700
Loan proceeds	30,100	
Other	78	330
Transfers in		4,165
Total Receipts	<u>104,391</u>	<u>75,146</u>
Disbursements:		
General government	67,464	
Law enforcement	11,900	4,158
Highways and streets		16,963
Public safety	6,238	24,362
Sanitation	264	
Contribution to water and sewer department	12,966	3,000
Debt service	305	4,051
Transfers out	4,165	
Total Disbursements	<u>103,302</u>	<u>52,534</u>
Cash Balance, December 31, 2021	<u>\$ 41,752</u>	<u>\$ 36,968</u>

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

Schedule 2

	Street	Fire Equipment and Training	City Marshall	Total
Cash Balance, January 1, 2021	\$ 9,392	\$ 4,964		\$ 14,356
Receipts:				
State aid	16,525	36,150		52,675
Property taxes	1,276			1,276
Donations			\$ 16,700	16,700
Other		330		330
Transfers in			4,165	4,165
Total Receipts	<u>17,801</u>	<u>36,480</u>	<u>20,865</u>	<u>75,146</u>
Disbursements:				
Law enforcement			4,158	4,158
Highways and streets	16,963			16,963
Public safety		24,362		24,362
Contribution to water and sewer department	3,000			3,000
Debt service	2,283		1,768	4,051
Total Disbursements	<u>22,246</u>	<u>24,362</u>	<u>5,926</u>	<u>52,534</u>
Cash Balance, December 31, 2021	<u>\$ 4,947</u>	<u>\$ 17,082</u>	<u>\$ 14,939</u>	<u>\$ 36,968</u>

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

Schedule 3

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

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

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

	December 31, 2021
Land	\$ 9,740
Buildings	33,021
Equipment	168,932
	<u> </u>
Total	<u>\$ 211,693</u>

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

	December 31, 2021
Notes payable	\$ 14,957
Line of Credit	18,200
	<u> </u>
Total	<u>\$ 33,157</u>

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

	December 31, 2021
American Rescue Plan Act (ARPA)	\$ 19,579
	<u> </u>