

City of Grubbs, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF GRUBBS, 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

Ronald Caldwell
Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. Nelda Speaks
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 Grubbs, 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 Grubbs, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated September 27, 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: Jackie Ivy
Recorder/Treasurer: Sarah Bennett

We evaluated the City's compliance with certain state laws concerning general 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

An audit or agreed-upon procedures report and compilation was not been completed for the Water and Sewer Fund, as required by Ark. Code Ann. § 14-234-119. A similar finding was noted in the previous two reports dating back to 2017.

Recorder/Treasurer

1. Cash receipts and disbursements journals were not properly classified and totaled for each fund, in noncompliance with Ark. Code Ann. § 14-59-110, -111. A similar finding was noted in the previous five reports dating back to 2010.
2. The Fire Department Fund bank account was not properly reconciled. Also, bank reconciliations for all other funds were not approved by a municipal official or employee other than the person preparing the reconciliation, as required by Ark. Code Ann. § 14-59-108.
3. Internal Revenue Service (IRS) quarterly reports (Forms 941) and Arkansas Department of Finance and Administration Form AR3 were not provided. We could not determine if federal withholdings were properly withheld and remitted. A similar finding was noted in the previous two reports dating back to 2017.
4. Prenumbered receipts were not issued for all funds received for the General, Restoration (general account), Street, and Fire Department Funds, in noncompliance with Ark. Code Ann. § 14-59-109. In addition, Fire department revenues were not always deposited in a timely manner.
5. Annual financial statements were not prepared and 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
September 27, 2022
LOM207421

CITY OF GRUBBS, 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	\$ 58,069	\$ 71,648
Receipts:		
State aid	6,033	35,626
Federal aid		95,131
Property taxes	7,244	1,754
Franchise fees	11,205	
Sales taxes	39,147	12,006
Interest		2
Local permits and fees	19,142	
Donations		5,605
Other	674	123
Total Receipts	<u>83,445</u>	<u>150,247</u>
Disbursements:		
General government	62,731	16,146
Highways and streets		44,186
Public safety		47,313
Health		29,783
Recreation and culture	4,081	
Debt service		6,482
Contribution to water department	39,547	
Total Disbursements	<u>106,359</u>	<u>143,910</u>
Cash Balance, December 31, 2021	<u>\$ 35,155</u>	<u>\$ 77,985</u>

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

Schedule 2

	Street	Fire Department	Arkansas Economic Development Commission	Federal Funds	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 37,763	\$ 33,746	\$ 1	\$ 138		\$ 71,648
Receipts:						
State aid	30,111	5,515				35,626
Federal aid		28,780		29,783	\$ 36,568	95,131
Property taxes	1,754					1,754
Sales taxes		12,006				12,006
Interest		2				2
Donations		5,605				5,605
Other	53	70				123
Total Receipts	<u>31,918</u>	<u>51,978</u>		<u>29,783</u>	<u>36,568</u>	<u>150,247</u>
Disbursements:						
General government					16,146	16,146
Highways and streets	44,186					44,186
Public safety		47,313				47,313
Health				29,783		29,783
Debt service	6,482					6,482
Total Disbursements	<u>50,668</u>	<u>47,313</u>		<u>29,783</u>	<u>16,146</u>	<u>143,910</u>
Cash Balance, December 31, 2021	<u>\$ 19,013</u>	<u>\$ 38,411</u>	<u>\$ 1</u>	<u>\$ 138</u>	<u>\$ 20,422</u>	<u>\$ 77,985</u>

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

Schedule 3

1. Cash balances on the Financial Schedules include demand and savings accounts.
2. The General Fund column on the Financial Schedules includes the following bank accounts:
General, High School, and Restoration
3. The Municipality's capital assets records are summarized below:

	December 31, 2021
	<u> </u>
Land	\$ 104,184
Buildings	209,000
Equipment	<u>682,017</u>
Total	<u><u>\$ 995,201</u></u>

4. The outstanding balance at year-end for long-term liabilities is as follows:

	December 31, 2021
	<u> </u>
Notes payable	<u><u>\$ 28,203</u></u>

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

	December 31, 2021
	<u> </u>
American Rescue Plan Act (ARPA)	<u><u>\$ 36,568</u></u>