

City of Holly Grove, Arkansas

Financial and Compliance Report

December 31, 2020 and 2019

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HOLLY GROVE, ARKANSAS
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FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Financial and Compliance Report

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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 Holly Grove, 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 Holly Grove, Arkansas, as of and for the years ended December 31, 2020 and 2019, and have issued our report thereon dated April 21, 2022. 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 relates to the following officials who held office during 2020 and 2019:

Mayor: Lula Tyler
Recorder/Court Clerk: Pat McGahee
Treasurer: Judith Stokes (Resigned March 28, 2019);
 Latersa Blakely (Appointed March 28, 2019, resigned August 5, 2019);
 Courtney Mason (Appointed August 5, 2019)
Police Chief: Aldridge Winfrey (Appointed Interim Police Chief May 14, 2018);
 Clifton Mason (Appointed Police Chief June 27, 2019)

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, Treasurer, and Recorder/Court Clerk.**

Mayor

Street Fund expenditures exceeded budgeted appropriations by \$11,108 (31%), in noncompliance with Ark. Code Ann. § 14-58-203.

Treasurer

Bank account reconciliations were not approved by someone other than the person preparing it, in noncompliance with Ark. Code Ann. § 14-59-108.

Cash receipts and disbursements journals were not properly posted, in noncompliance with Ark. Code Ann. §§ 14-59-110, -111.

Invoices and supporting documentation were not provided for tested disbursements in 2020 and 2019 of \$60,086 (58%) and \$74,243 (90%), respectively, in noncompliance with Ark. Code Ann. § 14-59-105.

A fixed asset listing was established, but did not include all additions and deletions, in noncompliance with Ark. Code Ann. § 14-59-107.

The annual financial statements were not prepared and published/posted for 2020 and 2019, in noncompliance with Ark. Code Ann. § 14-59-116.

Recorder/Court Clerk

Individual citations in the completed citation books were not reconciled to the individual citations as reflected on the arrest reports or dockets by someone outside the District Court Clerk's office, in noncompliance with Ark. Code Ann § 16-10-209.

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



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

Little Rock, Arkansas
April 21, 2022
LOM208520

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

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2020	\$ 37,647	\$ 276,229
Receipts:		
State aid	8,932	145,081
Federal aid	23,850	63,213
Property taxes	14,279	5,479
Franchise fees	19,632	
Sales taxes	104,266	
Fines, forfeitures, and costs	3,916	383
Interest	23	112
Local permits and fees	100	
Rent	10,000	7,855
Sanitation fees		42,635
Mosquito fees	2,639	5,878
Fire department dues and fees		7,258
Refund		3,397
Insurance Proceeds		40,879
Other	1,994	5,164
Transfers in		10,590
Total Receipts	<u>189,631</u>	<u>337,924</u>
Disbursements:		
General government	80,539	184,168
Law enforcement	113,837	35,203
Highways and streets	3,623	47,359
Public safety	195	16,751
Sanitation		53,332
Health		9,675
Recreation and culture		2,385
Airport		336
Transfers out		10,590
Total Disbursements	<u>198,194</u>	<u>359,799</u>
Cash Balance, December 31, 2020	<u>\$ 29,084</u>	<u>\$ 254,354</u>

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

Schedule 2

	Street	Sanitation	LOPFI	Animal Control	Criminal Justice	Fire Protection (Act 833)	Fire Dept. Special	Improvement
Cash Balance, January 1, 2020	\$ 10,933	\$ 14,943	\$ 27,920	\$ 1,333	\$ 1,555	\$ 22,641	\$ 12,745	\$ 110,010
Receipts:								
State aid	41,254					9,042		
Federal aid								
Property taxes	3,447		2,032					
Fines, forfeitures, and costs			149		152			
Interest	6	4	16		1	11	8	53
Rent								
Sanitation fees		42,635						
Mosquito fees								
Fire department dues and fees							7,258	
Refund								
Insurance Proceeds								
Other	2,555	669		10			1,400	320
Transfers in								
Total Receipts	47,262	43,308	2,197	10	153	9,053	8,666	373
Disbursements:								
General government								9,597
Law enforcement			3,213					
Highways and streets	46,916		443					
Public safety						11,465	5,286	
Sanitation		53,332						
Health								
Recreation and culture								
Airport								
Transfers out								10,590
Total Disbursements	46,916	53,332	3,656			11,465	5,286	20,187
Cash Balance, December 31, 2020	\$ 11,279	\$ 4,919	\$ 26,461	\$ 1,343	\$ 1,708	\$ 20,229	\$ 16,125	\$ 90,196

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

Schedule 2

	<u>Airport</u>	<u>Mosquito Control</u>	<u>Community Building</u>	<u>USDA Shelter</u>	<u>Fire Insurance</u>	<u>ADFA Home</u>	<u>Housing Authority</u>	<u>Court Automation</u>
Cash Balance, January 1, 2020	<u>\$ 43,034</u>	<u>\$ 18,712</u>	<u>\$ 1,348</u>	<u>\$ 3,596</u>	<u>\$ 1,742</u>	<u>\$ 1,969</u>	<u>\$ 133</u>	<u>\$ 911</u>
Receipts:								
State aid								
Federal aid								
Property taxes								
Fines, forfeitures, and costs								82
Interest		11			1	1		
Rent	6,000		1,855					
Sanitation fees								
Mosquito fees		5,878						
Fire department dues and fees								
Refund								
Insurance Proceeds								
Other				210				
Transfers in								
Total Receipts	<u>6,000</u>	<u>5,889</u>	<u>1,855</u>	<u>210</u>	<u>1</u>	<u>1</u>		<u>82</u>
Disbursements:								
General government				1,795				
Law enforcement								
Highways and streets								
Public safety								
Sanitation								
Health		9,675						
Recreation and culture			2,385					
Airport	336							
Transfers out								
Total Disbursements	<u>336</u>	<u>9,675</u>	<u>2,385</u>	<u>1,795</u>				
Cash Balance, December 31, 2020	<u>\$ 48,698</u>	<u>\$ 14,926</u>	<u>\$ 818</u>	<u>\$ 2,011</u>	<u>\$ 1,743</u>	<u>\$ 1,970</u>	<u>\$ 133</u>	<u>\$ 993</u>

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

Schedule 2

	Grant Fund	Drainage Grant	Property Damage Insurance	Fun Park Grant	Police Car Grant	Total
Cash Balance, January 1, 2020	\$ 350	\$ 85	\$ 2,269			\$ 276,229
Receipts:						
State aid	45,015			\$ 49,770		145,081
Federal aid		40,213			\$ 23,000	63,213
Property taxes						5,479
Fines, forfeitures, and costs						383
Interest						112
Rent						7,855
Sanitation fees						42,635
Mosquito fees						5,878
Fire department dues and fees						7,258
Refund				3,397		3,397
Insurance Proceeds			40,879			40,879
Other						5,164
Transfers in	1,600				8,990	10,590
Total Receipts	<u>46,615</u>	<u>40,213</u>	<u>40,879</u>	<u>53,167</u>	<u>31,990</u>	<u>337,924</u>
Disbursements:						
General government	46,957	40,243	32,409	53,167		184,168
Law enforcement					31,990	35,203
Highways and streets						47,359
Public safety						16,751
Sanitation						53,332
Health						9,675
Recreation and culture						2,385
Airport						336
Transfers out						10,590
Total Disbursements	<u>46,957</u>	<u>40,243</u>	<u>32,409</u>	<u>53,167</u>	<u>31,990</u>	<u>359,799</u>
Cash Balance, December 31, 2020	<u>\$ 8</u>	<u>\$ 55</u>	<u>\$ 10,739</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 254,354</u>

CITY OF HOLLY GROVE, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

Schedule 3

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2019	\$ 18,058	\$ 158,980
Receipts:		
State aid	9,517	56,135
Federal aid	0	174,030
Property taxes	12,800	6,234
Franchise fees	10,385	
Sales taxes	95,623	
Fines, forfeitures, and costs	10,214	282
Interest	67	458
Local permits and fees	233	
Rent	12,000	6,475
Sanitation fees		59,466
Mosquito fees	3,584	6,514
Fire department dues and fees		9,621
Refund		104,634
Insurance Proceeds		128,206
Other	789	11,284
Total Receipts	<u>155,212</u>	<u>563,339</u>
Disbursements:		
General government	48,318	312,014
Law enforcement	81,086	2,169
Highways and streets	3,943	47,115
Public safety	2,276	11,310
Sanitation		57,679
Health		13,327
Recreation and culture		2,098
Airport		378
Total Disbursements	<u>135,623</u>	<u>446,090</u>
Cash Balance, December 31, 2019	<u>\$ 37,647</u>	<u>\$ 276,229</u>

CITY OF HOLLY GROVE, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (UNAUDITED)

Schedule 4

	Street	Sanitation	LOPFI	Animal Control	Criminal Justice	Fire Protection (Act 833)	Fire Dept. Special
Cash Balance, January 1, 2019	\$ 3,573	\$ 12,584	\$ 28,548	\$ 1,003	\$ 1,347	\$ 18,548	\$ 8,684
Receipts:							
State aid	47,355					8,780	
Federal aid							
Property taxes	4,190		2,044				
Fines, forfeitures, and costs					204		
Interest	20	30	72		4	54	23
Rent							
Sanitation fees		59,466					
Mosquito fees							
Fire department dues and fees							9,621
Refund							
Insurance Proceeds							
Other	2,910	542	204	330			207
Total Receipts	<u>54,475</u>	<u>60,038</u>	<u>2,320</u>	<u>330</u>	<u>208</u>	<u>8,834</u>	<u>9,851</u>
Disbursements:							
General government							
Law enforcement			2,169				
Highways and streets	47,115						
Public safety			779			4,741	5,790
Sanitation		57,679					
Health							
Recreation and culture							
Airport							
Total Disbursements	<u>47,115</u>	<u>57,679</u>	<u>2,948</u>			<u>4,741</u>	<u>5,790</u>
Cash Balance, December 31, 2019	<u>\$ 10,933</u>	<u>\$ 14,943</u>	<u>\$ 27,920</u>	<u>\$ 1,333</u>	<u>\$ 1,555</u>	<u>\$ 22,641</u>	<u>\$ 12,745</u>

CITY OF HOLLY GROVE, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (UNAUDITED)

Schedule 4

	Improvement	Airport	Mosquito Control	Community Building	USDA Shelter	Fire Insurance	ADFA Home
Cash Balance, January 1, 2019	<u>\$ 11,578</u>	<u>\$ 39,972</u>	<u>\$ 25,467</u>	<u>\$ 181</u>	<u>\$ 1,490</u>	<u>\$ 2,737</u>	<u>\$ 1,852</u>
Receipts:							
State aid							
Federal aid							
Property taxes							
Fines, forfeitures, and costs							
Interest	187		58			5	5
Rent		3,400		3,075			
Sanitation fees							
Mosquito fees			6,514				
Fire department dues and fees							
Refund	104,634						
Insurance Proceeds							
Other	700	40		190	6,049		112
Total Receipts	<u>105,521</u>	<u>3,440</u>	<u>6,572</u>	<u>3,265</u>	<u>6,049</u>	<u>5</u>	<u>117</u>
Disbursements:							
General government	7,089				3,943	1,000	
Law enforcement							
Highways and streets							
Public safety							
Sanitation							
Health			13,327				
Recreation and culture				2,098			
Airport		378					
Total Disbursements	<u>7,089</u>	<u>378</u>	<u>13,327</u>	<u>2,098</u>	<u>3,943</u>	<u>1,000</u>	
Cash Balance, December 31, 2019	<u>\$ 110,010</u>	<u>\$ 43,034</u>	<u>\$ 18,712</u>	<u>\$ 1,348</u>	<u>\$ 3,596</u>	<u>\$ 1,742</u>	<u>\$ 1,969</u>

CITY OF HOLLY GROVE, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (UNAUDITED)

Schedule 4

	<u>Housing Authority</u>	<u>Court Automation</u>	<u>Grant Fund</u>	<u>Drainage Grant</u>	<u>Property Damage Insurance</u>	<u>Total</u>
Cash Balance, January 1, 2019	\$ 133	\$ 833	\$ 350	\$ 100		\$ 158,980
Receipts:						
State aid						56,135
Federal aid				174,030		174,030
Property taxes						6,234
Fines, forfeitures, and costs		78				282
Interest						458
Rent						6,475
Sanitation fees						59,466
Mosquito fees						6,514
Fire department dues and fees						9,621
Refund						104,634
Insurance Proceeds					\$ 128,206	128,206
Other						11,284
Total Receipts		<u>78</u>		<u>174,030</u>	<u>128,206</u>	<u>563,339</u>
Disbursements:						
General government				174,045	125,937	312,014
Law enforcement						2,169
Highways and streets						47,115
Public safety						11,310
Sanitation						57,679
Health						13,327
Recreation and culture						2,098
Airport						378
Total Disbursements				<u>174,045</u>	<u>125,937</u>	<u>446,090</u>
Cash Balance, December 31, 2019	<u>\$ 133</u>	<u>\$ 911</u>	<u>\$ 350</u>	<u>\$ 85</u>	<u>\$ 2,269</u>	<u>\$ 276,229</u>

CITY OF HOLLY GROVE, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(UNAUDITED)

Schedule 5

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 Sidewalk Project
3. Cash balances at year-end in the custodial fund are as follows:

	December 31, 2020	December 31, 2019
Police Bond and Fine Fund	\$ 10,544	\$ 9,129

These balances 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, 2020 and 2019
Land	\$ 325,300
Buildings	331,050
Equipment	386,306
Total	<u>\$ 1,042,656</u>

The Municipality's capital assets records did not contain all additions and deletions.