

City of Holly Grove, Arkansas

Financial and Compliance Report

December 31, 2021



CITY OF HOLLY GROVE, 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



David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair

Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
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 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 year ended December 31, 2021, and have issued our report thereon dated July 11, 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/commentary contained in this section relate(s) to the following officials who held office during 2021:

Mayor: Lula Tyler
Recorder/District Court Clerk: Pat McGahee
Treasurer: Courtney Mason (Resigned July 22, 2021)
Dedra Coleman (Appointed July 22, 2021)
Police Chief: Clifton Mason (Resigned October 15, 2021)
Hollis Foster (Appointed October 15, 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, City Treasurer and Recorder/ District Court Clerk.**

Mayor and City Treasurer

The City Treasurer wrote a \$1,000 check to "Cash" and endorsed the check, without documentation to substantiate a valid business purpose, in noncompliance with Ark. Code Ann. § 14-59-105. We were unable to determine how the funds were used.

City Treasurer

The annual financial statements were not prepared and published/posted, as required by Ark. Code Ann. § 14-59-116. A similar finding was issued in the prior report.

Invoices and supporting documentation were not provided for tested disbursements totaling \$48,474 (53%), in noncompliance with Ark. Code Ann. § 14-59-105. A similar finding was issued in the prior report.

Recorder/ District 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 other than the District Court Clerk's office, in noncompliance with Ark. Code Ann § 16-10-209. A similar finding was issued in the prior 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
July 11, 2023
LOM208521

CITY OF HOLLY GROVE, 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	\$ 29,084	\$ 254,354
Receipts:		
State aid	9,381	83,294
Federal aid		54,696
Property taxes	11,371	5,904
Franchise fees	21,074	
Sales taxes	121,737	
Fines, forfeitures, and costs	7,230	421
Interest	5	183
Local permits and fees	100	
Rent	10,000	9,935
Sanitation fees		57,884
Mosquito fees	3,526	5,908
Fire department dues and fees		7,056
Other	4,814	43,500
Transfers in		9,767
Total Receipts	<u>189,238</u>	<u>278,548</u>
Disbursements:		
General government	110,271	21,358
Law enforcement	93,684	48,946
Highways and streets	2,086	49,058
Public safety		18,347
Sanitation		62,188
Health		11,960
Recreation and culture		1,951
Airport		355
Transfers out		9,767
Total Disbursements	<u>206,041</u>	<u>223,930</u>
Cash Balance, December 31, 2021	<u>\$ 12,281</u>	<u>\$ 308,972</u>

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

Schedule 2

	Street	Sanitation	LOPFI	Animal Control	Criminal Justice	Fire Protection (Act 833)	Fire Department Special	Improvement
Cash Balance, January 1, 2021	\$ 11,279	\$ 4,919	\$ 26,461	\$ 1,343	\$ 1,708	\$ 20,229	\$ 16,125	\$ 90,196
Receipts:								
State aid	46,771					9,523		
Federal aid								
Property taxes	3,865		2,039					
Fines, forfeitures, and costs			209		128			
Interest	6	1	7		1	6	5	151
Rent								
Sanitation fees		57,884						
Mosquito fees								
Fire department dues and fees							7,056	
Other	4,400			10				35,145
Transfers in								
Total Receipts	<u>55,042</u>	<u>57,885</u>	<u>2,255</u>	<u>10</u>	<u>129</u>	<u>9,529</u>	<u>7,061</u>	<u>35,296</u>
Disbursements:								
General government								6,773
Law enforcement			7,258					350
Highways and streets	49,058							
Public safety						10,601	7,746	
Sanitation		62,188						
Health								
Recreation and culture								
Airport								
Transfers out								9,767
Total Disbursements	<u>49,058</u>	<u>62,188</u>	<u>7,258</u>			<u>10,601</u>	<u>7,746</u>	<u>16,890</u>
Cash Balance, December 31, 2021	<u>\$ 17,263</u>	<u>\$ 616</u>	<u>\$ 21,458</u>	<u>\$ 1,353</u>	<u>\$ 1,837</u>	<u>\$ 19,157</u>	<u>\$ 15,440</u>	<u>\$ 108,602</u>

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

Schedule 2

	Airport	Mosquito Control	Community Building	USDA Shelter	Fire Insurance	ADFA Home	Housing Authority	Court Automation
Cash Balance, January 1, 2021	\$ 48,698	\$ 14,926	\$ 818	\$ 2,011	\$ 1,743	\$ 1,970	\$ 133	\$ 993
Receipts:								
State aid								
Federal aid								
Property taxes								
Fines, forfeitures, and costs								84
Interest		4			1	1		
Rent	7,000		2,935					
Sanitation fees								
Mosquito fees		5,908						
Fire department dues and fees								
Other				3,945				
Transfers in								
Total Receipts	<u>7,000</u>	<u>5,912</u>	<u>2,935</u>	<u>3,945</u>	<u>1</u>	<u>1</u>		<u>84</u>
Disbursements:								
General government				4,914				
Law enforcement								
Highways and streets								
Public safety								
Sanitation								
Health		11,960						
Recreation and culture			1,951					
Airport	355							
Transfers out								
Total Disbursements	<u>355</u>	<u>11,960</u>	<u>1,951</u>	<u>4,914</u>				
Cash Balance, December 31, 2021	<u>\$ 55,343</u>	<u>\$ 8,878</u>	<u>\$ 1,802</u>	<u>\$ 1,042</u>	<u>\$ 1,744</u>	<u>\$ 1,971</u>	<u>\$ 133</u>	<u>\$ 1,077</u>

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

Schedule 2

	Grant Fund	Drainage Grant	Property Damage Insurance	American Rescue Plan Act	Police Car Grant	Total
Cash Balance, January 1, 2021	\$ 8	\$ 55	\$ 10,739			\$ 254,354
Receipts:						
State aid					\$ 27,000	83,294
Federal aid				\$ 54,696		54,696
Property taxes						5,904
Fines, forfeitures, and costs						421
Interest						183
Rent						9,935
Sanitation fees						57,884
Mosquito fees						5,908
Fire department dues and fees						7,056
Other						43,500
Transfers in					9,767	9,767
Total Receipts				<u>54,696</u>	<u>36,767</u>	<u>278,548</u>
Disbursements:						
General government		55		9,616		21,358
Law enforcement				4,572	36,766	48,946
Highways and streets						49,058
Public safety						18,347
Sanitation						62,188
Health						11,960
Recreation and culture						1,951
Airport						355
Transfers out						9,767
Total Disbursements		<u>55</u>		<u>14,188</u>	<u>36,766</u>	<u>223,930</u>
Cash Balance, December 31, 2021	<u>\$ 8</u>	<u>\$ 0</u>	<u>\$ 10,739</u>	<u>\$ 40,508</u>	<u>\$ 1</u>	<u>\$ 308,972</u>

CITY OF HOLLY GROVE, 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 Sidewalk Project
3. Cash balance at year-end in the custodial fund is as follows:

	December 31, 2021
Police Bond and Fine	\$ 14,074

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, 2021
Land	\$ 325,300
Buildings	331,050
Equipment	386,306
Total	\$ 1,042,656

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

	December 31, 2021
American Rescue Plan Act (ARPA)	\$ 54,696