

City of Holly Grove, Arkansas

Financial and Compliance Report

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HOLLY GROVE, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2023

Financial and Compliance Report

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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, 2023, and have issued our report thereon dated March 26, 2025. 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 2023:

Mayor: Willie B Stokes
District Court Clerk: Pat McGahee
Treasurer: Ruthie Foster
Police Chief: Nikkos Williams (appointed August 30, 2023)
Hollis Foster (resigned August 23, 2023)

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 **City Treasurer**.

City Treasurer

Ark. Code Ann. §§ 14-59-108, 110 - 111 requires the posting of receipts and disbursements to journals and the reconciliation of the journals to the amount on deposit in banks. Posting errors to the cash receipts and disbursements journals and errors in the preparation of bank reconciliations were noted in 12 of 17 funds. The following funds had errors:

- General
- Street
- Sanitation
- American Rescue Plan Act (ARPA)
- Local Police and Fire Retirement System (LOPFI)
- Criminal Justice
- Act 833
- Fire Department Special
- Improvement
- Mosquito
- Community Building
- Animal Control

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

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 black ink, appearing to read "Kevin White".

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
March 26, 2025
LOM208523

CITY OF HOLLY GROVE, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Schedule 1

| | General Fund | Special Revenue Funds |
|---------------------------------|-------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Cash Balance, January 1, 2023 | \$ 34,998 | \$ 276,017 |
| Receipts: | | |
| State aid | 6,994 | 50,219 |
| Property taxes | 16,349 | 7,677 |
| Franchise fees | 24,940 | |
| Sales taxes | 127,538 | |
| Fines, forfeitures, and costs | 13,653 | 844 |
| Interest | 111 | 720 |
| Sanitation fees | | 77,732 |
| Mosquito fees | | 6,216 |
| Fire department dues and fees | | 9,814 |
| Rent | 10,000 | 10,220 |
| Other | 28,199 | 4,225 |
| Transfers in | | 11,187 |
| Unclassified | 2,483 | |
| Total Receipts | <u>230,267</u> | <u>178,854</u> |
| Disbursements: | | |
| General government | 136,218 | 13,795 |
| Law enforcement | 78,818 | 4,747 |
| Highways and streets | | 48,398 |
| Public safety | | 12,288 |
| Sanitation | | 78,128 |
| Health | | 4,478 |
| Recreation and culture | | 4,534 |
| Airport | | 369 |
| Wastewater | | 5,705 |
| Unclassified | | 36 |
| Transfers out | 11,187 | |
| Total Disbursements | <u>226,223</u> | <u>172,478</u> |
| Cash Balance, December 31, 2023 | <u>\$ 39,042</u> | <u>\$ 282,393</u> |

CITY OF HOLLY GROVE, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule 2

| | Street | Sanitation | LOPFI | Animal Control | Criminal Justice | Fire Protection (Act 833) | Fire Department Special | Improvement |
|---------------------------------|----------|------------|-----------|----------------|------------------|------------------------------|-------------------------------|-------------|
| Cash Balance, January 1, 2023 | \$ 6,252 | \$ 669 | \$ 19,470 | \$ 1,382 | \$ 2,044 | \$ 23,097 | \$ 12,986 | \$ 106,431 |
| Receipts: | | | | | | | | |
| State aid | 38,804 | | | | | 11,415 | | |
| Property taxes | 5,071 | | 2,606 | | | | | |
| Fines, forfeitures, and costs | | | 413 | | 413 | | | |
| Interest | 14 | 7 | 43 | | 5 | 64 | 37 | 512 |
| Sanitation fees | | 77,732 | | | | | | |
| Mosquito fees | | | | | | | | |
| Fire department dues and fees | | | | | | | 9,814 | |
| Rent | | | | | | | | |
| Other | 1,491 | 714 | | 40 | | | | 210 |
| Transfers in | | | | | | | | |
| Total Receipts | 45,380 | 78,453 | 3,062 | 40 | 418 | 11,479 | 9,851 | 722 |
| Disbursements: | | | | | | | | |
| General government | | | | | | | | 1,899 |
| Law enforcement | | | 4,747 | | | | | |
| Highways and streets | 48,398 | | | | | | | |
| Public safety | | | | | | 4,079 | 8,209 | |
| Sanitation | | 78,128 | | | | | | |
| Health | | | | | | | | |
| Recreation and culture | | | | | | | | |
| Airport | | | | | | | | |
| Wastewater | | | | | | | | |
| Unclassified | 36 | | | | | | | |
| Total Disbursements | 48,434 | 78,128 | 4,747 | | | 4,079 | 8,209 | 1,899 |
| Cash Balance, December 31, 2023 | \$ 3,198 | \$ 994 | \$ 17,785 | \$ 1,422 | \$ 2,462 | \$ 30,497 | \$ 14,628 | \$ 105,254 |

CITY OF HOLLY GROVE, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule 2

| | Airport | Mosquito Control | Community Building | USDA Shelter | ADFA Home | Housing Authority | Court Automation | American Rescue Plan Act | Total |
|---------------------------------|-----------|---------------------|-----------------------|-----------------|-----------|----------------------|---------------------|--------------------------------|------------|
| Cash Balance, January 1, 2023 | \$ 62,001 | \$ 13,161 | \$ 3,164 | \$ 448 | \$ 290 | \$ 133 | \$ 1,134 | \$ 23,355 | \$ 276,017 |
| Receipts: | | | | | | | | | |
| State aid | | | | | | | | | 50,219 |
| Property taxes | | | | | | | | | 7,677 |
| Fines, forfeitures, and costs | | | | | | | 18 | | 844 |
| Interest | | 37 | | | 1 | | | | 720 |
| Sanitation fees | | | | | | | | | 77,732 |
| Mosquito fees | | 6,216 | | | | | | | 6,216 |
| Fire department dues and fees | | | | | | | | | 9,814 |
| Rent | 6,000 | | 4,220 | | | | | | 10,220 |
| Other | | | 20 | 1,750 | | | | | 4,225 |
| Transfers in | | | | | | | | 11,187 | 11,187 |
| Total Receipts | 6,000 | 6,253 | 4,240 | 1,750 | 1 | | 18 | 11,187 | 178,854 |
| Disbursements: | | | | | | | | | |
| General government | | | | 926 | | | | 10,970 | 13,795 |
| Law enforcement | | | | | | | | | 4,747 |
| Highways and streets | | | | | | | | | 48,398 |
| Public safety | | | | | | | | | 12,288 |
| Sanitation | | | | | | | | | 78,128 |
| Health | | 4,478 | | | | | | | 4,478 |
| Recreation and culture | | | 4,534 | | | | | | 4,534 |
| Airport | 369 | | | | | | | | 369 |
| Wastewater | | | | | | | | 5,705 | 5,705 |
| Unclassified | | | | | | | | | 36 |
| Total Disbursements | 369 | 4,478 | 4,534 | 926 | | | | 16,675 | 172,478 |
| Cash Balance, December 31, 2023 | \$ 67,632 | \$ 14,936 | \$ 2,870 | \$ 1,272 | \$ 291 | \$ 133 | \$ 1,152 | \$ 17,867 | \$ 282,393 |

CITY OF HOLLY GROVE, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Schedule 3

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

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

| | <u>December 31, 2023</u> |
|----------------------|------------------------------|
| Police Bond and Fine | \$ 3,401 |

This balance represent fines, forfeitures, and costs that have not been transferred to the appropriate entities.

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

| | <u>December 31, 2023</u> |
|-----------|------------------------------|
| Land | \$ 325,300 |
| Buildings | 331,050 |
| Equipment | <u>390,051</u> |
| Total | <u><u>\$ 1,046,401</u></u> |