

City of Hughes, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HUGHES, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2021

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 Hughes, 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 Hughes, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated April 6, 2023. These procedures were not performed for the Water and Sewer Funds. 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: Lincoln Barnett
Recorder/Treasurer: Sherry Thomas (Appointed February 8, 2021)
Police Chief: Thomas Freeman Miller (Resigned June 16, 2021)
Kristy Greene (Appointed June 16, 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 office of **Recorder Treasurer**.

Recorder/Treasurer

1. Prenumbered receipts were not issued for all items of income and receipted at the earliest opportunity, in noncompliance with Ark. Code Ann. § 14-59-109. A similar finding was issued in the previous report.
2. Restricted sales tax funds owed from previous years of \$26,340 were not transferred to the Sanitation Fund. Additionally, current year sales taxes of \$56,076 were not properly distributed, leaving a balance due at December 31, 2021 of \$82,416, in noncompliance with St. Francis County Ordinance no. 94-211 (October 18, 1994). A similar finding was issued in the previous report.
3. The City did not provide adequate supporting documentation for tested disbursements of \$14,896 (18%), in noncompliance with Ark. Code Ann. § 14-59-105.

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
April 6, 2023
LOM208821

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

Schedule 1

	General Fund	Special Revenue Funds	Pension Trust Funds
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Cash and Investment Balance, January 1, 2021	132,749	448,829	172,696
Receipts:			
State aid	22,879	134,435	3,573
Federal aid		125,967	
Property taxes	8,925	2,547	
Franchise fees	38,403		
Sales taxes	313,367	109,484	
Fines, forfeitures, and costs	11,962		
Interest	235	624	3,456
Local permits and fees	9,010		
Insurance reimbursements	92,269		
Net gain/(loss) on sale of investment			44,636
Other	9,131	13,511	
Transfers in		200	
Total Receipts	<u>506,181</u>	<u>386,768</u>	<u>51,665</u>
Disbursements:			
General government	322,106	12,947	
Law enforcement	176,937	4,833	1,500
Highways and streets	9,159	130,413	
Public safety	24,801	25,199	20,660
Sanitation	9,513	127,919	
Recreation and culture	9,759		
Contributions to water and sewer department	11,002		
Transfers out	200		
Total Disbursements	<u>563,477</u>	<u>301,311</u>	<u>22,160</u>
Cash and Investment Balance, December 31, 2021	<u>\$ 75,453</u>	<u>\$ 534,286</u>	<u>\$ 202,201</u>

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

Schedule 2

	Street	Sanitation	Fire Equipment & Training	Fire Department Emergency Medical Services	House Tear Down	American Rescue Plan Act	Community Development Block Grant	Delta Regional Authority Grant	Total
Cash Balance, January 1, 2021	\$ 167,604	\$ 236,818	\$ 42,127	\$ 305	\$ 1,975				\$ 448,829
Receipts:									
State aid	111,050		23,385						134,435
Federal aid						\$ 125,967			125,967
Property taxes	2,547								2,547
Sales taxes		109,484							109,484
Interest	264	360							624
Other	13,511								13,511
Transfers in							\$ 100	\$ 100	200
Total Receipts	<u>127,372</u>	<u>109,844</u>	<u>23,385</u>			<u>125,967</u>	<u>100</u>	<u>100</u>	<u>386,768</u>
Disbursements:									
General government						12,947			12,947
Law enforcement						4,833			4,833
Highways and streets	127,439					2,974			130,413
Public safety			22,429			2,770			25,199
Sanitation		124,352				3,567			127,919
Total Disbursements	<u>127,439</u>	<u>124,352</u>	<u>22,429</u>			<u>27,091</u>			<u>301,311</u>
Cash Balance, December 31, 2021	<u>\$ 167,537</u>	<u>\$ 222,310</u>	<u>\$ 43,083</u>	<u>\$ 305</u>	<u>\$ 1,975</u>	<u>\$ 98,876</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 534,286</u>

CITY OF HUGHES, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - PENSION TRUST FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (UNAUDITED)

Schedule 3

	<u>Firemen's Pension</u>	<u>Policemen's Pension</u>	<u>Total</u>
Cash and Investment Balance, January 1, 2021	\$ 152,272	\$ 20,424	\$ 172,696
Receipts:			
State aid	3,573		3,573
Interest	3,426	30	3,456
Net gain/(loss) on sale of investment	44,636		44,636
Total Receipts	<u>51,635</u>	<u>30</u>	<u>51,665</u>
Disbursements:			
Law enforcement		1,500	1,500
Public safety	20,660		20,660
Total Disbursements	<u>20,660</u>	<u>1,500</u>	<u>22,160</u>
Cash and Investment Balance, December 31, 2021	<u>\$ 183,247</u>	<u>\$ 18,954</u>	<u>\$ 202,201</u>

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

Schedule 4

1. Cash and Investments balances on the Financial Schedules include demand accounts and mutual fund investments.
(Investments are recorded at cost value)

2. The General Fund column on the Financial Schedules includes the following bank accounts:
General, Community Fire, Mosquito Control and Market Garden

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

	<u>December 31, 2021</u>
Land and buildings	\$ 8,131,510
Equipment	<u>395,735</u>
Total	<u><u>\$ 8,527,245</u></u>

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

	<u>December 31, 2021</u>
American Rescue Plan Act (ARPA)	<u><u>\$ 125,967</u></u>