

City of Hughes, Arkansas

Financial and Compliance Report

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HUGHES, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2022

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Arkansas

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Senate Vice Chair



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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, 2022, and have issued our report thereon dated October 12, 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 2022:

Mayor: Lincoln Barnett
Recorder/Treasurer: Sherry Thomas
Police Chief: Kristy Greene

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 income at the earliest opportunity or sequentially, in noncompliance with Ark. Code Ann. § 14-59-109. A similar finding was issued in the previous two reports dating back to 2020.
2. Restricted sales tax funds owed from previous years of \$42,856 were not transferred to the Sanitation Fund, in noncompliance with St. Francis County Ordinance no. 94-211 (October 18, 1994). A similar finding was noted in the previous two reports dating back to 2020.

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, reading "Roger A. Norman".

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

Little Rock, Arkansas
October 12, 2023
LOM208822

CITY OF HUGHES, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds	Pension Trust Funds
	<u> </u>	<u> </u>	<u> </u>
Cash and Investment Balance, January 1, 2022	\$ 75,453	\$ 534,286	\$ 202,201
Receipts:			
State aid	31,901	117,217	3,231
Federal aid		125,965	
Property taxes	11,794	3,383	
Franchise fees	39,834		
Sales taxes	245,239	160,082	
Fines, forfeitures, and costs	10,511		
Interest	160	704	11,194
Local permits and fees	5,185		
Net gain/(loss) on sale of investment			(4,251)
Other	15,005	1,800	
Transfers in		39,560	
Total Receipts	<u>359,629</u>	<u>448,711</u>	<u>10,174</u>
Disbursements:			
General government	152,207	36,276	
Law enforcement	42,911	174,496	1,500
Highways and streets	3	152,420	
Public safety	23,040	20,240	20,595
Sanitation	404	167,877	
Recreation and culture	8,691		
Contributions to water	5,770		
Transfers out	39,560		
Total Disbursements	<u>272,586</u>	<u>551,309</u>	<u>22,095</u>
Cash and Investment Balance, December 31, 2022	<u>\$ 162,496</u>	<u>\$ 431,688</u>	<u>\$ 190,280</u>

CITY OF HUGHES, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (UNAUDITED)

Schedule 2

	Street	Sanitation	Fire Equipment and 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, 2022	\$ 167,537	\$ 222,310	\$ 43,083	\$ 305	\$ 1,975	\$ 98,876	\$ 100	\$ 100	\$ 534,286
Receipts:									
State aid	91,171		26,046						117,217
Federal aid						125,965			125,965
Property taxes	3,383								3,383
Sales taxes		160,082							160,082
Interest	275	429							704
Other						1,800			1,800
Transfers in		39,560							39,560
Total Receipts	<u>94,829</u>	<u>200,071</u>	<u>26,046</u>			<u>127,765</u>			<u>448,711</u>
Disbursements:									
General government						36,276			36,276
Law enforcement						174,496			174,496
Highways and streets	146,286					6,134			152,420
Public safety			17,788			2,452			20,240
Sanitation		162,339				5,538			167,877
Total Disbursements	<u>146,286</u>	<u>162,339</u>	<u>17,788</u>			<u>224,896</u>			<u>551,309</u>
Cash Balance, December 31, 2022	<u>\$ 116,080</u>	<u>\$ 260,042</u>	<u>\$ 51,341</u>	<u>\$ 305</u>	<u>\$ 1,975</u>	<u>\$ 1,745</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 431,688</u>

CITY OF HUGHES, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - PENSION TRUST FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (UNAUDITED)

Schedule 3

	Firemen's Pension	Policemen's Pension	Total
Cash and Investment Balance, January 1, 2022	<u>\$ 183,247</u>	<u>\$ 18,954</u>	<u>\$ 202,201</u>
Receipts:			
State aid	3,231		3,231
Interest	11,161	33	11,194
Net gain/(loss) on sale of investment	(4,251)		(4,251)
Total Receipts	<u>10,141</u>	<u>33</u>	<u>10,174</u>
Disbursements:			
Law enforcement		1,500	1,500
Public safety	20,595		20,595
Total Disbursements	<u>20,595</u>	<u>1,500</u>	<u>22,095</u>
Cash and Investment Balance, December 31, 2022	<u><u>\$ 172,793</u></u>	<u><u>\$ 17,487</u></u>	<u><u>\$ 190,280</u></u>

CITY OF HUGHES, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(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:

	December 31, 2022
	<hr/>
Land and building	\$ 8,146,760
Equipment	<hr/> 414,235
Total	<hr/> <hr/> \$ 8,560,995

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

	December 31, 2022
	<hr/>
American Rescue Plan Act (ARPA)	<hr/> <hr/> \$ 125,965