

City of Marvell, Arkansas

Financial and Compliance Report

December 31, 2020 and 2019

LEGISLATIVE JOINT AUDITING COMMITTEE



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

Financial and Compliance Report

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Arkansas

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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 Marvell, 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 Marvell, Arkansas, as of and for the years ended December 31, 2020 and 2019, and have issued our report thereon dated April 14, 2022. These procedures were not performed for the Water and Sewer Fund. 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 2020 and 2019:

Mayor: Lee Guest
Recorder/Treasurer: Aletha Gibbs
District Court Clerk: Jennifer Williams
Police Chief: Bennie Daniels

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** and **District Court Clerk**.

Mayor

1. The City purchased a tractor from a Council member for \$20,000 on October 25, 2019, without an authorizing ordinance, in noncompliance with Ark. Code Ann. § 14-42-107.
2. Review of selected disbursements revealed the City expended \$895 for a Christmas dinner in 2019, in apparent conflict with Ark. Const. art. 12, § 5, as interpreted by Op. Att'y Gen. no. 1991-410.
3. The City purchased personal tasers for several police officers and allowed them to repay the City over time through payroll withholdings, in conflict with Ark. Const. art. 12, § 5, which states that cities may not loan their credit to any individual.
4. General Fund disbursements exceeded budgeted appropriations by \$176,194 (22%) and \$153,844 (20%) in 2020 and 2019, respectively, in noncompliance with Ark. Code Ann. § 14-58-203.

District Court Clerk

Bond and Fine balances remaining in the bank account were not properly identified with receipt numbers for cases not yet adjudicated and the payments made on all unpaid individual time accounts, as required by 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

A handwritten signature in cursive script that reads "Roger A. Norman".

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

Little Rock, Arkansas
April 14, 2022
LOM212320

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

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2020	\$ 403,503	\$ 23,787
Receipts:		
State aid	67,596	101,768
Federal aid	46,987	
Franchise fees	84,392	
Sales taxes	536,289	
Fines, forfeitures, and costs	73,304	1,961
Interest	346	10
Local permits and fees	6,997	
Rent	19,100	2,645
Sanitation fees	56,292	
Employer Contributions		30,920
Other	3,613	512
Transfers in		34,300
Total Receipts	<u>894,916</u>	<u>172,116</u>
Disbursements:		
General government	204,756	
Law enforcement	495,930	23,941
Highways and streets		116,633
Public safety	20,649	10,983
Sanitation	58,351	
Health	48,785	
Recreation and culture	97,640	
Debt service	10,506	
Transfers out	34,300	
Total Disbursements	<u>970,917</u>	<u>151,557</u>
Cash Balance, December 31, 2020	<u>\$ 327,502</u>	<u>\$ 44,346</u>

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

Schedule 2

	Street	Criminal Justice	Local Police and Fire Retirement (LOPFI)	Fire Equipment and Training Act 833	Total
Cash Balance, January 1, 2020	\$ 4,521	\$ 11,411	\$ 4,121	\$ 3,734	\$ 23,787
Receipts:					
State aid	89,532			12,236	101,768
Fines, forfeitures, and costs		1,961			1,961
Interest			10		10
Rent	2,645				2,645
Employer Contributions			30,920		30,920
Other				512	512
Transfers in	34,300				34,300
Total Receipts	<u>126,477</u>	<u>1,961</u>	<u>30,930</u>	<u>12,748</u>	<u>172,116</u>
Disbursements:					
Law enforcement		47	23,894		23,941
Highways and streets	116,633				116,633
Public safety			6,456	4,527	10,983
Total Disbursements	<u>116,633</u>	<u>47</u>	<u>30,350</u>	<u>4,527</u>	<u>151,557</u>
Cash Balance, December 31, 2020	<u>\$ 14,365</u>	<u>\$ 13,325</u>	<u>\$ 4,701</u>	<u>\$ 11,955</u>	<u>\$ 44,346</u>

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

Schedule 3

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2019	\$ 288,601	\$ 25,079
Receipts:		
State aid	18,750	96,847
Property taxes	35,444	6,956
Franchise fees	74,904	
Sales taxes	534,518	
Fines, forfeitures, and costs	82,545	2,256
Interest	331	9
Local permits and fees	5,745	
Rent	23,305	2,971
Sanitation fees	71,317	
Employer Contributions		27,922
Other - Private Grant	150,000	
Contributions from water	75	
Proceeds from loans	16,000	
Other	9,479	1,500
Transfers in		49,600
Total Receipts	<u>1,022,413</u>	<u>188,061</u>
Disbursements:		
General government	181,382	
Law enforcement	523,128	22,105
Highways and streets	20,000	146,794
Public safety	21,323	20,454
Sanitation	85,629	
Health	2,009	
Recreation and culture	19,412	
Debt service	5,028	
Transfers out	49,600	
Total Disbursements	<u>907,511</u>	<u>189,353</u>
Cash Balance, December 31, 2019	<u>\$ 403,503</u>	<u>\$ 23,787</u>

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

Schedule 4

	Street	Criminal Justice	Local Police and Fire Retirement (LOPFI)	Fire Equipment and Training Act 833	Total
Cash Balance, January 1, 2019	\$ 6,752	\$ 9,155	\$ 3,766	\$ 5,406	\$ 25,079
Receipts:					
State aid	85,036			11,811	96,847
Property taxes	6,956				6,956
Fines, forfeitures, and costs		2,256			2,256
Interest			9		9
Rent	2,971				2,971
Employer Contributions			27,922		27,922
Other				1,500	1,500
Transfers in	49,600				49,600
Total Receipts	<u>144,563</u>	<u>2,256</u>	<u>27,931</u>	<u>13,311</u>	<u>188,061</u>
Disbursements:					
Law enforcement			22,105		22,105
Highways and streets	146,794				146,794
Public safety			5,471	14,983	20,454
Total Disbursements	<u>146,794</u>		<u>27,576</u>	<u>14,983</u>	<u>189,353</u>
Cash Balance, December 31, 2019	<u>\$ 4,521</u>	<u>\$ 11,411</u>	<u>\$ 4,121</u>	<u>\$ 3,734</u>	<u>\$ 23,787</u>

CITY OF MARVELL, 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.

2. The General Fund column on the Financial Schedules includes the following bank accounts:
General, Sanitation, Drug Control, Medical Clinic, Infrastructure, Police Car, and City Spray Park.

3. Cash balances at year-end in the custodial funds are as follows:

	December 31, 2020	December 31, 2019
Police Bond and Fine Fund	\$ 19,660	\$ 7,276
Administration of Justice Fund	265	40

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	December 31, 2019
Land	\$ 88,450	\$ 88,450
Buildings	498,592	418,592
Equipment	582,024	582,024
Total	<u>\$ 1,169,066</u>	<u>\$ 1,089,066</u>

5. Outstanding balances at year-end for long-term liabilities are as follows:

	December 31, 2020	December 31, 2019
Notes Payable	<u>\$ 19,630</u>	<u>\$ 33,243</u>