

# **City of McRae, Arkansas**

## **Financial and Compliance Report**

**December 31, 2021**

LEGISLATIVE JOINT AUDITING COMMITTEE

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

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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 McRae, 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 McRae, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated July 28, 2022. 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 finding contained in this section relates to the following officials who held office during 2021:

Mayor: Joel Pruitt  
Recorder/Treasurer: Deborah McDaniel  
District Court Clerk: Billie Curtis  
Police Chief: Danny Spears

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 **Mayor**.

### Mayor

The minutes of the governing body did not document a review of the prior year report and accompanying comments at the first regularly scheduled meeting following receipt of the report, as required by Ark. Code Ann. § 10-4-418.

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 28, 2022  
LOM212721

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

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2021	\$ 181,626	\$ 133,136
Receipts:		
State aid	10,903	67,733
Federal aid		69,302
Property taxes	22,439	2,692
Franchise fees	24,525	
Sales taxes	183,969	
Fines, forfeitures, and costs	60,851	5,128
Interest	41	
Local permits and fees	375	
Contributions from county		112,971
Other	10,875	2,737
Total Receipts	<u>313,978</u>	<u>260,563</u>
Disbursements:		
General government	114,263	12,500
Law enforcement		4,007
Highways and streets		109,304
Public safety	123,844	67,553
Health	6,078	
Recreation and culture		900
Wastewater		21,766
Sales tax remitted to water department	55,316	
Debt service		16,296
Total Disbursements	<u>299,501</u>	<u>232,326</u>
Cash Balance, December 31, 2021	<u>\$ 196,103</u>	<u>\$ 161,373</u>

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

Schedule 2

	Street	Fire Department Special	Judicial Fine Enhancement	Police Car Grant	Police Drug Control	Fireworks and Christmas Decorations	Fire Department Operation and Maintenance	American Rescue Plan	Total
Cash Balance, January 1, 2021	\$ 76,465	\$ 13,112	\$ 10,176	\$ 17	\$ 1,078	\$ 2,774	\$ 29,514		\$ 133,136
Receipts:									
State aid	54,891	12,842							67,733
Federal aid								\$ 69,302	69,302
Property taxes	2,692								2,692
Fines, forfeitures, and costs			5,128						5,128
Contributions from couty		11,092					101,879		112,971
Other	2,187						550		2,737
Total Receipts	<u>59,770</u>	<u>23,934</u>	<u>5,128</u>				<u>102,429</u>	<u>69,302</u>	<u>260,563</u>
Disbursements:									
General government								12,500	12,500
Law enforcement			4,007						4,007
Highways and streets	107,729							1,575	109,304
Public safety		11,498					56,055		67,553
Recreation and culture						900			900
Wastewater								21,766	21,766
Debt service							16,296		16,296
Total Disbursements	<u>107,729</u>	<u>11,498</u>	<u>4,007</u>			<u>900</u>	<u>72,351</u>	<u>35,841</u>	<u>232,326</u>
Cash Balance, December 31, 2021	<u>\$ 28,506</u>	<u>\$ 25,548</u>	<u>\$ 11,297</u>	<u>\$ 17</u>	<u>\$ 1,078</u>	<u>\$ 1,874</u>	<u>\$ 59,592</u>	<u>\$ 33,461</u>	<u>\$ 161,373</u>

CITY OF MCRAE, 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 Sales and Use Tax

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

	December 31, 2021
District Court Fund	\$ 6,683

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	\$ 25,819
Buildings	316,399
Equipment	559,566
Total	\$ 901,784

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

	December 31, 2021
American Rescue Plan Act (ARPA)	\$ 69,302