

City of McRae, Arkansas

Financial and Compliance Report

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF MCRAE, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2023

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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, 2023, and have issued our report thereon dated May 21, 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 relate to the following officials who held office during 2023:

Mayor: Joel Pruitt
Recorder/Treasurer: Deborah McDaniel
District Court Clerk: Billie Curtis
Police Chief/Marshal: Dakota Burks (Appointed July 4, 2023)
Scotty Whitcomb (Terminated June 22, 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 **Recorder/Treasurer**.

Recorder/Treasurer

The Payroll Preparer overpaid herself \$1,512 for performing duties as Recorder/Treasurer (\$324) and as Water Clerk (\$1,188). It appears the overpayments resulted from inconsistencies in the way that she was paid and a calculation error regarding hourly rate of pay. Subsequently, the Council accepted a repayment plan to recoup the overpayments.

\$10,773 in Act 833 funds were used for daily operational expenditures of the fire department, in noncompliance with Ark. Code Ann. § 14-284-404.

\$7,581 in county fire tax revenue was used for recreational activities for the community, in noncompliance with the November 2016 White County Ballot.

The City made payments of \$3,000 to the City Attorney without an authorizing ordinance or invoice documentation, 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 black ink, appearing to read "Kevin White".

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
May 21, 2025
LOM212723

CITY OF MCRAE, 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	\$ 116,914	\$ 277,210
Receipts:		
State aid	9,366	68,038
Property taxes	22,857	2,737
Franchise fees	28,016	
Sales taxes	199,364	
Fines, forfeitures, and costs	51,312	3,718
Interest	368	
Local permits and fees	395	
Contributions from county		133,156
Other	5,665	640
Total Receipts	<u>317,343</u>	<u>208,289</u>
Disbursements:		
General government	148,735	
Law enforcement	126,327	4,390
Highways and streets	21,980	45,034
Public safety		77,600
Recreation and culture		8,221
Wastewater		31,954
Sales tax remitted to water department	27,984	
Total Disbursements	<u>325,026</u>	<u>167,199</u>
Cash Balance, December 31, 2023	<u>\$ 109,231</u>	<u>\$ 318,300</u>

CITY OF MCRAE, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (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 Act	Total
Cash Balance, January 1, 2023	\$ 61,807	\$ 35,662	\$ 12,131	\$ 17	\$ 1,078	\$ 419	\$ 123,224	\$ 42,872	\$ 277,210
Receipts:									
State aid	51,964	14,178					1,896		68,038
Property taxes	2,737								2,737
Fines, forfeitures, and costs			3,718						3,718
Contributions from county		13,034					120,122		133,156
Other							640		640
Total Receipts	<u>54,701</u>	<u>27,212</u>	<u>3,718</u>				<u>122,658</u>		<u>208,289</u>
Disbursements:									
Law enforcement			4,390						4,390
Highways and streets	45,034								45,034
Public safety		23,756					53,844		77,600
Recreation and culture							8,221		8,221
Wastewater								31,954	31,954
Total Disbursements	<u>45,034</u>	<u>23,756</u>	<u>4,390</u>				<u>62,065</u>	<u>31,954</u>	<u>167,199</u>
Cash Balance, December 31, 2023	<u>\$ 71,474</u>	<u>\$ 39,118</u>	<u>\$ 11,459</u>	<u>\$ 17</u>	<u>\$ 1,078</u>	<u>\$ 419</u>	<u>\$ 183,817</u>	<u>\$ 10,918</u>	<u>\$ 318,300</u>

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

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

	December 31, 2023
District Court	\$ 5,278

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, 2023
Land	\$ 25,819
Buildings	320,558
Equipment	646,370
Total	\$ 992,747