

City of Mount Ida, Arkansas

Financial and Compliance Report

December 31, 2023, 2022, and 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF MOUNT IDA, ARKANSAS
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Arkansas



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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Mount Ida, 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 Mount Ida, Arkansas, as of and for the years ended December 31, 2023, 2022, and 2021, and have issued our report thereon dated October 3, 2024. 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, 2022, and 2021:

Mayor: Vann Morgan (2023)
Jo Childress (2022 - 2021)
Recorder/Treasurer: Amber Weston
District Court Clerk: Treva Lambert

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 **Recorder/Treasurer**.

Mayor and Recorder/Treasurer

The Recorder/Treasurer received more paychecks than she was entitled to during the period January 1, 2021 through December 31, 2023, resulting in salary overpayments totaling \$9,269. In addition, it appears she issued several payroll checks to herself before the end of the applicable pay period and, therefore, was paid in advance of hours worked.

The Mayor and other employees and officials were paid a benefit for not participating in the City provided insurance program for years 2023, 2022, and 2021. The payroll preparer was paid a benefit for not participating in the City provided insurance program for years 2023 and 2022. This benefit was not reported to the IRS. A similar finding was issued in the previous report.

Adequate supporting documentation was not provided for tested disbursements of \$48,107 (31%) in 2021, in noncompliance with Ark. Code Ann. § 14-59-105.

Mayor

The City was in noncompliance with Ark. Code Ann. § 14-58-202 as follows:

- Budgets were not adopted for the Street Fund in 2023 and 2022, and the General Fund in 2021.
- The 2023, 2022, and 2021 budgets were not adopted by ordinance or resolution.

The minutes of the governing body did not document the review of the findings and recommendations and the action taken by the governing body for the prior report, in noncompliance with Ark. Code Ann. § 10-4-418.

Recorder/Treasurer

Accounting procedures for municipalities are set forth in Ark. Code Ann. §§ 14-59-101 – 14-59-119. The City was in noncompliance with these codes as follows:

- Annual financial statements were not posted.
- Fixed asset records were not properly updated.
- Internal Revenue Service (IRS) Form 941 forms for the first two quarters of 2021 were not provided for inspection.

The sum of wages per the Employer's Quarterly Federal Tax Returns do not agree to the Form W-3 for 2021.

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" with a stylized flourish at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
October 3, 2024
LOM213323

CITY OF MOUNT IDA, 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	\$ 188,021	\$ 618,202
Receipts:		
State aid	15,143	116,939
Federal aid	3,681	31,000
Property taxes	43,783	453
Franchise fees	76,304	
Sales taxes	346,093	117,060
Fines, forfeitures, and costs	1,707	7,896
Interest	672	20,011
Fuel taxes		6,452
Sanitation fees		49,864
Airport fees		2,400
Other	2,748	2,494
Total Receipts	<u>490,131</u>	<u>354,569</u>
Disbursements:		
General government	159,139	736
Law enforcement	27,500	5,363
Highways and streets		53,116
Public safety	11,706	3,797
Sanitation		167,830
Recreation and culture		4,553
Airport		53,848
Water and wastewater	329,826	99,390
Total Disbursements	<u>528,171</u>	<u>388,633</u>
Cash Balance, December 31, 2023	<u>\$ 149,981</u>	<u>\$ 584,138</u>

CITY OF MOUNT IDA, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule 2

	Street	Solid Waste	District Court Cost	Criminal Justice	Local Police and Fire Retirement (LOPFI)	Fire Protection	City Park
Cash Balance, January 1, 2023	\$ 169,705	\$ 172,355	\$ 7,078	\$ 2,298	\$ 552	\$ 154	\$ 36,260
Receipts:							
State aid	77,567					14,372	
Federal aid							
Property taxes	453						
Sales taxes		117,060					
Fines, forfeitures, and costs			853	5,735	103		
Interest	2,155	1,695	108	14	2	23	15,026
Fuel taxes	6,452						
Sanitation fees		49,864					
Airport fees							
Other		2,250					
Total Receipts	<u>86,627</u>	<u>170,869</u>	<u>961</u>	<u>5,749</u>	<u>105</u>	<u>14,395</u>	<u>15,026</u>
Disbursements:							
General government							
Law enforcement			218	5,145			
Highways and streets	53,116						
Public safety						3,797	
Sanitation		167,830					
Recreation and culture							4,553
Airport							
Water and wastewater							
Total Disbursements	<u>53,116</u>	<u>167,830</u>	<u>218</u>	<u>5,145</u>		<u>3,797</u>	<u>4,553</u>
Cash Balance, December 31, 2023	<u>\$ 203,216</u>	<u>\$ 175,394</u>	<u>\$ 7,821</u>	<u>\$ 2,902</u>	<u>\$ 657</u>	<u>\$ 10,752</u>	<u>\$ 46,733</u>

CITY OF MOUNT IDA, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule 2

	Airports	District Court Judge's and Clerk's Retirement	American Rescue Plan Act	Volunteer Fire	Total
Cash Balance, January 1, 2023	\$ 47,365	\$ 82,194	\$ 100,241		\$ 618,202
Receipts:					
State aid				\$ 25,000	116,939
Federal aid	31,000				31,000
Property taxes					453
Sales taxes					117,060
Fines, forfeitures, and costs		1,205			7,896
Interest	115	590	36	247	20,011
Fuel taxes					6,452
Sanitation fees					49,864
Airport fees	2,400				2,400
Other	244				2,494
Total Receipts	<u>33,759</u>	<u>1,795</u>	<u>36</u>	<u>25,247</u>	<u>354,569</u>
Disbursements:					
General government			736		736
Law enforcement					5,363
Highways and streets					53,116
Public safety					3,797
Sanitation					167,830
Recreation and culture					4,553
Airport	53,848				53,848
Water and wastewater			99,390		99,390
Total Disbursements	<u>53,848</u>		<u>100,126</u>		<u>388,633</u>
Cash Balance, December 31, 2023	<u>\$ 27,276</u>	<u>\$ 83,989</u>	<u>\$ 151</u>	<u>\$ 25,247</u>	<u>\$ 584,138</u>

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

Schedule 3

	General Fund	Special Revenue Funds	Pension Trust Funds
Cash Balance, January 1, 2022	\$ 111,626	\$ 442,270	\$ 22
Receipts:			
State aid	14,859	117,689	
Federal aid		247,420	
Property taxes	44,417		
Franchise fees	72,074		
Sales taxes	362,827	85,045	
Fines, forfeitures, and costs	837	12,183	
Interest	704	17,182	
Fuel taxes		6,293	
Sanitation fees		116,164	
Airport fees		2,400	
Other	7,485	2,863	
Transfers in		3,391	
Total Receipts	<u>503,203</u>	<u>610,630</u>	
Disbursements:			
General government	167,229	2,321	
Law enforcement	30,000	6,195	
Highways and streets		58,963	
Public safety	13,952	31,079	22
Sanitation		161,549	
Recreation and culture		4,655	
Airport		147,936	
Water and wastewater	212,236	22,000	
Transfers out	3,391		
Total Disbursements	<u>426,808</u>	<u>434,698</u>	<u>22</u>
Cash Balance, December 31, 2022	<u>\$ 188,021</u>	<u>\$ 618,202</u>	<u>\$ 0</u>

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

Schedule 4

	Street	Solid Waste	District Court Cost	Criminal Justice	Local Police and Fire Retirement (LOPFI)	Fire Protection	City Park
Cash Balance, January 1, 2022	\$ 141,893	\$ 131,347	\$ 6,529	\$ 777	\$ 540	\$ 9,169	\$ 26,049
Receipts:							
State aid	79,699					13,067	
Federal aid					1,000		
Sales taxes		85,045					
Fines, forfeitures, and costs			930	7,257	2,549		
Interest	783	526	67	11	2	26	14,866
Fuel taxes	6,293						
Sanitation fees		116,164					
Airport fees							
Other		822				2,041	
Transfers in						3,391	
Total Receipts	<u>86,775</u>	<u>202,557</u>	<u>997</u>	<u>7,268</u>	<u>3,551</u>	<u>18,525</u>	<u>14,866</u>
Disbursements:							
General government							
Law enforcement			448	5,747			
Highways and streets	58,963						
Public safety					3,539	27,540	
Sanitation		161,549					
Recreation and culture							4,655
Airport							
Water and wastewater							
Total Disbursements	<u>58,963</u>	<u>161,549</u>	<u>448</u>	<u>5,747</u>	<u>3,539</u>	<u>27,540</u>	<u>4,655</u>
Cash Balance, December 31, 2022	<u>\$ 169,705</u>	<u>\$ 172,355</u>	<u>\$ 7,078</u>	<u>\$ 2,298</u>	<u>\$ 552</u>	<u>\$ 154</u>	<u>\$ 36,260</u>

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

Schedule 4

	Airports	District Court Judge's and Clerk's Retirement	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 25,493	\$ 80,065	\$ 20,408	\$ 442,270
Receipts:				
State aid	24,923			117,689
Federal aid	142,312		104,108	247,420
Sales taxes				85,045
Fines, forfeitures, and costs		1,447		12,183
Interest	173	682	46	17,182
Fuel taxes				6,293
Sanitation fees				116,164
Airport fees	2,400			2,400
Other				2,863
Transfers in				3,391
Total Receipts	<u>169,808</u>	<u>2,129</u>	<u>104,154</u>	<u>610,630</u>
Disbursements:				
General government			2,321	2,321
Law enforcement				6,195
Highways and streets				58,963
Public safety				31,079
Sanitation				161,549
Recreation and culture				4,655
Airport	147,936			147,936
Water and wastewater			22,000	22,000
Total Disbursements	<u>147,936</u>		<u>24,321</u>	<u>434,698</u>
Cash Balance, December 31, 2022	<u>\$ 47,365</u>	<u>\$ 82,194</u>	<u>\$ 100,241</u>	<u>\$ 618,202</u>

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

Schedule 5

	General Fund	Special Revenue Funds	Pension Trust Funds
Cash Balance, January 1, 2021	\$ 54,599	\$ 307,375	\$ 410,017
Receipts:			
State aid	16,743	92,975	3,152
Federal aid		263,280	
Property taxes	39,157	12,993	4,204
Franchise fees	59,140		
Sales taxes	357,107	70,378	
Fines, forfeitures, and costs	971	9,157	
Interest	1,046	17,226	27,333
Fuel taxes		6,852	
Sanitation fees		100,497	
Other	13,393	5,280	
Total Receipts	<u>487,557</u>	<u>578,638</u>	<u>34,689</u>
Disbursements:			
General government	160,035	33,271	
Law enforcement	30,000	7,345	
Highways and streets		26,674	
Public safety	4,809	14,402	44,336
Sanitation		161,522	
Recreation and culture		5,804	
Airport		147,789	
Water and wastewater	235,686	46,936	
Contribution to Local Police and Fire Retirement System			400,348
Total Disbursements	<u>430,530</u>	<u>443,743</u>	<u>444,684</u>
Cash Balance, December 31, 2021	<u>\$ 111,626</u>	<u>\$ 442,270</u>	<u>\$ 22</u>

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

Schedule 6

	Street	Solid Waste	District Court Cost	Criminal Justice	Local Police and Fire Retirement (LOPFI)	Fire Protection	City Park
Cash Balance, January 1, 2021	\$ 66,425	\$ 115,399	\$ 5,975	\$ 1,013	\$ 683	\$ 7,469	\$ 18,730
Receipts:							
State aid	80,985					11,990	
Federal aid					1,000		
Property taxes	12,993						
Sales taxes		70,378					
Fines, forfeitures, and costs			853	6,735	122		
Interest	562	1,345	61	14	4	63	13,123
Fuel taxes	6,852						
Sanitation fees		100,497					
Other		2,500				2,780	
Total Receipts	<u>101,392</u>	<u>174,720</u>	<u>914</u>	<u>6,749</u>	<u>1,126</u>	<u>14,833</u>	<u>13,123</u>
Disbursements:							
General government							
Law enforcement			360	6,985			
Highways and streets	25,924						
Public safety					1,269	13,133	
Sanitation		158,772					
Recreation and culture							5,804
Airport							
Water and wastewater							
Total Disbursements	<u>25,924</u>	<u>158,772</u>	<u>360</u>	<u>6,985</u>	<u>1,269</u>	<u>13,133</u>	<u>5,804</u>
Cash Balance, December 31, 2021	<u>\$ 141,893</u>	<u>\$ 131,347</u>	<u>\$ 6,529</u>	<u>\$ 777</u>	<u>\$ 540</u>	<u>\$ 9,169</u>	<u>\$ 26,049</u>

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

Schedule 6

	Airports	District Court Judge's and Clerk's Retirement	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 14,796	\$ 76,885		\$ 307,375
Receipts:				
State aid				92,975
Federal aid	158,171		\$ 104,109	263,280
Property taxes				12,993
Sales taxes				70,378
Fines, forfeitures, and costs		1,447		9,157
Interest	315	1,733	6	17,226
Fuel taxes				6,852
Sanitation fees				100,497
Other				5,280
Total Receipts	<u>158,486</u>	<u>3,180</u>	<u>104,115</u>	<u>578,638</u>
Disbursements:				
General government			33,271	33,271
Law enforcement				7,345
Highways and streets			750	26,674
Public safety				14,402
Sanitation			2,750	161,522
Recreation and culture				5,804
Airport	147,789			147,789
Water and wastewater			46,936	46,936
Total Disbursements	<u>147,789</u>		<u>83,707</u>	<u>443,743</u>
Cash Balance, December 31, 2021	<u>\$ 25,493</u>	<u>\$ 80,065</u>	<u>\$ 20,408</u>	<u>\$ 442,270</u>

CITY OF MOUNT IDA, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021
(UNAUDITED)

Schedule 7

1. Cash balances on the Financial Schedules include demand and savings accounts and certificates of deposit, mutual funds, and equities.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
District Court Fund	\$ 34,747	\$ 27,710	\$ 26,723
District Court Small Claims Fund	103	186	330
Administration of Justice	4,741		(65)

These balances represent fines, forfeitures, and costs that have not been transferred to the appropriate entities.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	\$ 390,075	\$ 390,075	\$ 390,075
Buildings and improvements	2,337,982	2,337,982	2,337,982
Vehicles and equipment	587,379	587,379	587,379
Totals	<u>\$ 3,315,436</u>	<u>\$ 3,315,436</u>	<u>\$ 3,315,436</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
American Rescue Plan Act (ARPA)	<u>\$ 104,108</u>	<u>\$ 104,109</u>