

**City of Murfreesboro, Arkansas**

**Financial and Compliance Report**

**December 31, 2021 and 2020**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF MURFREESBORO, ARKANSAS  
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# Arkansas

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House Vice Chair

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Financial and Compliance Report

City of Murfreesboro, 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 Murfreesboro, Arkansas, as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated March 27, 2023. These procedures were not performed for the Municipal Water Works 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 2021 and 2020:

Mayor: Rodney Fagan  
Recorder/Treasurer: Penny Lamb  
District Court Clerk: Patricia Robbins  
Police Chief: Randy Lamb  
Park Commission Chairperson: Robbie Crocker  
Advertising and Promotion Commission Chairperson: Jean Floyd (Resigned June 1, 2020)  
Jack Bonds (Appointed June 1, 2020)

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 the **Advertising and Promotion Commission**.

### Advertising and Promotion Commission

Accounting procedures for municipalities are set forth in the Municipal Accounting Law, Ark. Code Ann. §§ 14-59-101 – 14-59-119. The City was not in compliance with these codes for the Advertising and Promotion Commission as indicated below:

- Monthly bank reconciliations were not performed.
- Prenumbered receipts were not issued for all funds received.
- Cash receipts journals were not established.
- Cash disbursement journals were not properly balanced and totaled monthly and on a year-to-date basis.

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  
March 27, 2023  
LOM213821

CITY OF MURFREESBORO, 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	\$ 633,467	\$ 538,927
Receipts:		
State aid	26,271	169,919
Federal aid	35,216	164,295
Property taxes	45,879	11,405
Franchise fees	114,825	
Sales taxes	463,521	220,233
Fines, forfeitures, and costs	31,549	12,255
Interest	5,966	4,730
Local permits and fees	13,313	
Advertising and promotion taxes		100,955
Sanitation fees	35,768	
Loan proceeds		33,896
Other	13,998	31,972
Transfers in	4,389	28,887
Total Receipts	<u>790,695</u>	<u>778,547</u>
Disbursements:		
General government	150,712	
Law enforcement	329,250	11,902
Highways and streets	6,940	233,232
Public safety	60,237	16,652
Sanitation	137,266	
Recreation and culture	2,296	77,566
Community development	538	32,577
Industrial development		1,000
Wastewater	2,925	
Debt service	14,280	38,325
Transfers out	28,887	4,389
Total Disbursements	<u>733,331</u>	<u>415,643</u>
Cash Balance, December 31, 2021	<u>\$ 690,831</u>	<u>\$ 901,831</u>

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

Schedule 2

	Street	Criminal Justice	Fire Training and Equipment (Act 833)	District Court Cost	New Sanitation Truck	Economic Development	Court Automation	Police Special
Cash Balance, January 1, 2021	\$ 244,954	\$ 4,381	\$ 21,703	\$ 2,332	\$ 417	\$ 14,546	\$ 55,343	\$ 2,012
Receipts:								
State aid	132,334		22,585					
Federal aid								
Property taxes	11,405							
Sales taxes	119,855					2,996		
Fines, forfeitures, and costs		2,355		396			7,545	
Interest	2,848	20	35	24	57	144	531	19
Advertising and promotion taxes								
Loan proceeds	33,896							
Other	25,586							280
Transfers in					26,887			
Total Receipts	<u>325,924</u>	<u>2,375</u>	<u>22,620</u>	<u>420</u>	<u>26,944</u>	<u>3,140</u>	<u>8,076</u>	<u>299</u>
Disbursements:								
Law enforcement				110			8,470	
Highways and streets	233,232							
Public safety			14,666					
Recreation and culture								
Community development								
Industrial development						1,000		
Debt service	5,431				17,875			
Transfers out		4,389						
Total Disbursements	<u>238,663</u>	<u>4,389</u>	<u>14,666</u>	<u>110</u>	<u>17,875</u>	<u>1,000</u>	<u>8,470</u>	
Cash Balance, December 31, 2021	<u>\$ 332,215</u>	<u>\$ 2,367</u>	<u>\$ 29,657</u>	<u>\$ 2,642</u>	<u>\$ 9,486</u>	<u>\$ 16,686</u>	<u>\$ 54,949</u>	<u>\$ 2,311</u>

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

Schedule 2

	Beautification	Advertising and Promotion Commission	Fire and Rescue	Lake Greeson Sub Station	Municipal Judge and Clerk Retirement	Park Commission	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 4	\$ 113,813	\$ 2,848	\$ 22,518	\$ 481	\$ 53,575		\$ 538,927
Receipts:								
State aid						15,000		169,919
Federal aid							\$ 164,295	164,295
Property taxes								11,405
Sales taxes						97,382		220,233
Fines, forfeitures, and costs					1,959			12,255
Interest			4	35	8	390	615	4,730
Advertising and promotion taxes		100,955						100,955
Loan proceeds								33,896
Other			911			5,195		31,972
Transfers in					2,000			28,887
Total Receipts		<u>100,955</u>	<u>915</u>	<u>35</u>	<u>3,967</u>	<u>117,967</u>	<u>164,910</u>	<u>778,547</u>
Disbursements:								
Law enforcement					3,322			11,902
Highways and streets								233,232
Public safety				1,986				16,652
Recreation and culture						77,566		77,566
Community development		32,577						32,577
Industrial development								1,000
Debt service						15,019		38,325
Transfers out								4,389
Total Disbursements		<u>32,577</u>		<u>1,986</u>	<u>3,322</u>	<u>92,585</u>		<u>415,643</u>
Cash Balance, December 31, 2021	\$ 4	\$ 182,191	\$ 3,763	\$ 20,567	\$ 1,126	\$ 78,957	\$ 164,910	\$ 901,831

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

Schedule 3

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2020	\$ 473,807	\$ 487,255
Receipts:		
State aid	24,347	145,763
Federal aid	65,013	
Property taxes	42,728	10,592
Franchise fees	105,511	
Sales taxes	404,236	190,958
Fines, forfeitures, and costs	36,549	12,755
Interest	7,201	4,474
Local permits and fees	13,350	
Advertising and promotion taxes		74,836
Sanitation fees	36,418	
Loan proceeds		15,894
Other	6,791	7,093
Transfers in		28,021
Total Receipts	<u>742,144</u>	<u>490,386</u>
Disbursements:		
General government	141,143	
Law enforcement	209,596	17,850
Highways and streets	3,822	252,920
Public safety	41,276	24,782
Sanitation	138,478	
Recreation and culture	5,000	74,559
Community development		13,470
Industrial development		10,449
Wastewater	868	
Debt service	14,280	44,684
Transfers out	28,021	
Total Disbursements	<u>582,484</u>	<u>438,714</u>
Cash Balance, December 31, 2020	<u>\$ 633,467</u>	<u>\$ 538,927</u>

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

Schedule 4

	Street	Criminal Justice	Fire Training and Equipment (Act 833)	District Court Cost	New Sanitation Truck	Economic Development	Court Automation	Police Special
Cash Balance, January 1, 2020	\$ 258,973	\$ 1,981	\$ 22,361	\$ 2,014	\$ 347	\$ 22,183	\$ 61,289	\$ 1,716
Receipts:								
State aid	123,880		21,883					
Property taxes	10,592							
Sales taxes	103,923					2,598		
Fines, forfeitures, and costs		2,355		396			8,045	
Interest	2,968	45	71	32	11	214	886	26
Advertising and promotion taxes								
Loan proceeds								
Other	2,969							270
Transfers in					26,946			
Total Receipts	<u>244,332</u>	<u>2,400</u>	<u>21,954</u>	<u>428</u>	<u>26,957</u>	<u>2,812</u>	<u>8,931</u>	<u>296</u>
Disbursements:								
Law enforcement				110			14,877	
Highways and streets	252,920							
Public safety			22,612					
Recreation and culture								
Community development								
Industrial development						10,449		
Debt service	5,431				26,887			
Total Disbursements	<u>258,351</u>		<u>22,612</u>	<u>110</u>	<u>26,887</u>	<u>10,449</u>	<u>14,877</u>	
Cash Balance, December 31, 2020	<u>\$ 244,954</u>	<u>\$ 4,381</u>	<u>\$ 21,703</u>	<u>\$ 2,332</u>	<u>\$ 417</u>	<u>\$ 14,546</u>	<u>\$ 55,343</u>	<u>\$ 2,012</u>



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

Schedule 4

	Beautification	Advertising and Promotion Commission	Fire and Rescue	Lake Greeson Sub Station	Municipal Judge and Clerk Retirement	Park Commission	Total
Cash Balance, January 1, 2020	\$ 3	\$ 51,901	\$ 2,826	\$ 23,898	\$ 306	\$ 37,457	\$ 487,255
Receipts:							
State aid							145,763
Property taxes							10,592
Sales taxes						84,437	190,958
Fines, forfeitures, and costs					1,959		12,755
Interest	1		8	81	4	127	4,474
Advertising and promotion taxes		74,836					74,836
Loan proceeds						15,894	15,894
Other		546	723			2,585	7,093
Transfers in					1,075		28,021
Total Receipts	1	75,382	731	81	3,038	103,043	490,386
Disbursements:							
Law enforcement					2,863		17,850
Highways and streets							252,920
Public safety			709	1,461			24,782
Recreation and culture						74,559	74,559
Community development		13,470					13,470
Industrial development							10,449
Debt service						12,366	44,684
Total Disbursements		13,470	709	1,461	2,863	86,925	438,714
Cash Balance, December 31, 2020	\$ 4	\$ 113,813	\$ 2,848	\$ 22,518	\$ 481	\$ 53,575	\$ 538,927

CITY OF MURFREESBORO, ARKANSAS  
OTHER INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(UNAUDITED)

Schedule 5

1. Cash balances on the Financial Schedules include demand and savings accounts.
2. The General Fund column on the Financial Schedules includes the following bank accounts:  
General, New Fire Truck, New Police Vehicle, and Fireman's Fund
3. Cash balances at year-end in the custodial funds are as follows:

	December 31, 2021	December 31, 2020
Police Bond and Fine	\$ 810	\$ 195
District Court - City	5,786	4,631
District Court - County	15,259	16,383
District Court - Civil Claims	433	423
District Court - Small Claims		68

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, 2021	December 31, 2020
Land	\$ 94,445	\$ 94,445
Buildings	360,463	358,329
Equipment	1,425,566	1,296,600
Totals	<u>\$ 1,880,474</u>	<u>\$ 1,749,374</u>

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

	December 31, 2021	December 31, 2020
Notes payable	<u>\$ 173,155</u>	<u>\$ 59,164</u>

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

	December 31, 2021	December 31, 2020
Coronavirus Aid, Relief and Economic Security Act (CARES)		\$ 65,013
American Rescue Plan Act (ARPA)	<u>\$ 164,295</u>	
Totals	<u>\$ 164,295</u>	<u>\$ 65,013</u>