

City of Norphlet, Arkansas

Financial and Compliance Report

December 31, 2021 and 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF NORPHLET, ARKANSAS
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FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Financial and Compliance Report

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Arkansas

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Sen. Gary Stubblefield
Senate Vice Chair



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House Chair
Rep. Nelda Speaks
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 Norphlet, 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 Norphlet, Arkansas, as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated August 17, 2022. These procedures were not performed for the Water and Sewer Systems. 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 relates to the following officials who held office during 2021 and 2020:

| | |
|---------------------|---------------|
| Mayor: | Jim Crotty |
| Recorder/Treasurer: | Nancy Steele |
| Police Chief: | David Crowder |

We evaluated the City's compliance with certain state laws concerning general 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 **Mayor**.

Mayor

The City paid \$2,400 (\$1,200 in both 2021 and 2020), to an employee for services beyond regular job duties without an authorizing ordinance, in apparent conflict with Ark. Code Ann. § 14-42-107.

The City disbursed funds totaling \$1,000 to the Boys and Girls Club of Smackover/Norphlet without a contract for services, in apparent conflict with Ark. Const. art. 12, § 5.

The City paid \$10,920 and \$465 in 2021 and 2020, respectively, from the Street Fund to an individual for contract labor, without proper documentation of services performed, street-related purposes, or rate for services.

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
August 17, 2022
LOM214121

CITY OF NORPHLET, 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 | \$ 294,414 | \$ 192,795 |
| Receipts: | | |
| State aid | 13,503 | 89,913 |
| Federal aid | 1,000 | 81,008 |
| Property taxes | 41,551 | 11,754 |
| Franchise fees | 29,148 | |
| Sales taxes | 191,552 | 122,744 |
| Fines, forfeitures, and costs | 162 | |
| Interest | 4,301 | |
| Local permits and fees | 30 | |
| Other | 2,319 | |
| Transfers in | | 2,000 |
| Total Receipts | <u>283,566</u> | <u>307,419</u> |
| Disbursements: | | |
| General government | 191,071 | |
| Law enforcement | 29,645 | |
| Highways and streets | | 97,756 |
| Public safety | 24,801 | 9,385 |
| Sanitation | | 117,805 |
| Recreation and culture | 4,040 | |
| Contribution to water department | | 25,166 |
| Debt service | | 33,070 |
| Transfers out | | 2,000 |
| Total Disbursements | <u>249,557</u> | <u>285,182</u> |
| Cash Balance, December 31, 2021 | <u>\$ 328,423</u> | <u>\$ 215,032</u> |

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

Schedule 2

| | Street | Firemen's Insurance Premium (ACT 833) | Solid Waste Sales Tax | American Rescue Plan Act (ARPA) | Total |
|----------------------------------|------------|--|--------------------------|--|------------|
| Cash Balance, January 1, 2021 | \$ 109,372 | \$ 3,969 | \$ 79,454 | | \$ 192,795 |
| Receipts: | | | | | |
| State aid | 68,004 | 21,909 | | | 89,913 |
| Federal aid | | | | \$ 81,008 | 81,008 |
| Property taxes | 11,754 | | | | 11,754 |
| Sales taxes | | | 122,744 | | 122,744 |
| Transfers in | | | 2,000 | | 2,000 |
| Total Receipts | 79,758 | 21,909 | 124,744 | 81,008 | 307,419 |
| Disbursements: | | | | | |
| Highways and streets | 97,756 | | | | 97,756 |
| Public safety | | 9,385 | | | 9,385 |
| Sanitation | | | 117,805 | | 117,805 |
| Contribution to water department | | | | 25,166 | 25,166 |
| Debt service | | | 33,070 | | 33,070 |
| Transfers out | | 2,000 | | | 2,000 |
| Total Disbursements | 97,756 | 11,385 | 150,875 | 25,166 | 285,182 |
| Cash Balance, December 31, 2021 | \$ 91,374 | \$ 14,493 | \$ 53,323 | \$ 55,842 | \$ 215,032 |

CITY OF NORPHLET, 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 | \$ 282,749 | \$ 178,269 |
| Receipts: | | |
| State aid | 12,522 | 84,516 |
| Federal aid | 1,000 | |
| Property taxes | 38,486 | 10,951 |
| Franchise fees | 29,822 | |
| Sales taxes | 176,236 | 130,301 |
| Fines, forfeitures, and costs | 1,380 | |
| Interest | 6,383 | |
| Local permits and fees | 10 | |
| Other | 4,801 | |
| Transfers in | 782 | 3,000 |
| Total Receipts | <u>271,422</u> | <u>228,768</u> |
| Disbursements: | | |
| General government | 201,764 | |
| Law enforcement | 31,373 | |
| Highways and streets | | 67,337 |
| Public safety | 23,165 | 22,888 |
| Sanitation | | 80,551 |
| Recreation and culture | 3,455 | |
| Debt service | | 39,684 |
| Transfers out | | 3,782 |
| Total Disbursements | <u>259,757</u> | <u>214,242</u> |
| Cash Balance, December 31, 2020 | <u>\$ 294,414</u> | <u>\$ 192,795</u> |

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

Schedule 4

| | Street | Firemen's Insurance Premium (ACT 833) | Solid Waste Sales Tax | Total |
|---------------------------------|-------------------|--|--------------------------|-------------------|
| Cash Balance, January 1, 2020 | \$ 102,044 | \$ 9,837 | \$ 66,388 | \$ 178,269 |
| Receipts: | | | | |
| State aid | 63,714 | 20,802 | | 84,516 |
| Property taxes | 10,951 | | | 10,951 |
| Sales taxes | | | 130,301 | 130,301 |
| Transfers in | | | 3,000 | 3,000 |
| Total Receipts | <u>74,665</u> | <u>20,802</u> | <u>133,301</u> | <u>228,768</u> |
| Disbursements: | | | | |
| Highways and streets | 67,337 | | | 67,337 |
| Public safety | | 22,888 | | 22,888 |
| Sanitation | | | 80,551 | 80,551 |
| Debt service | | | 39,684 | 39,684 |
| Transfers out | | 3,782 | | 3,782 |
| Total Disbursements | <u>67,337</u> | <u>26,670</u> | <u>120,235</u> | <u>214,242</u> |
| Cash Balance, December 31, 2020 | <u>\$ 109,372</u> | <u>\$ 3,969</u> | <u>\$ 79,454</u> | <u>\$ 192,795</u> |

CITY OF NORPHLET, 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 and certificates of deposit.
2. The General Fund column on the Financial Schedules includes the following bank accounts:
General, Parks and Playgrounds, Donation, and Museum Donation
3. The Municipality's capital assets records are summarized below:

| | December 31, 2021 | December 31, 2020 |
|----------------------------|----------------------|----------------------|
| Land | \$ 41,843 | \$ 41,843 |
| Buildings and improvements | 625,316 | 587,353 |
| Equipment | 1,113,956 | 803,046 |
| Total | <u>\$ 1,781,115</u> | <u>\$ 1,432,242</u> |

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

| | December 31, 2021 | December 31, 2020 |
|---------------|----------------------|----------------------|
| Notes payable | <u>\$ 310,910</u> | <u>\$ 35,874</u> |

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

| | December 31, 2021 |
|---------------------------------|----------------------|
| American Rescue Plan Act (ARPA) | <u>\$ 81,008</u> |