

# **City of Sparkman, Arkansas**

## **Financial and Compliance Report**

**December 31, 2020**

LEGISLATIVE JOINT AUDITING COMMITTEE

---



CITY OF SPARKMAN, ARKANSAS  
TABLE OF CONTENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Financial and Compliance Report

	<u>Schedule</u>
Schedule of Financial Information (Unaudited)	1
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	2
Other Information (Unaudited)	3

# Arkansas

**Sen. Ronald Caldwell**  
Senate Chair  
**Sen. Gary Stubblefield**  
Senate Vice Chair



**Rep. Richard Womack**  
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 Sparkman, 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 Sparkman, Arkansas, as of and for the year ended December 31, 2020, and have issued our report thereon dated April 11, 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 findings contained in this section relate to the following officials who held office during 2020:

Mayor: Rickey Craig  
Recorder/Treasurer: Rita Fite  
District Court Clerk: Rita Fite  
Police Chief: Mitch Johnson

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 the **Mayor, Recorder/Treasurer** and the **Police Chief**.

#### **Mayor and Recorder/Treasurer**

It came to our attention that on December 2, 2019, a bank employee processing a withdrawal for the Mayor, withdrew \$1,911 from the City's Parks and Recreation bank account, rather than from the Mayor's personal account. The Recorder/Treasurer discovered the erroneous withdrawal upon reconciliation of the affected account and notified the bank, which reversed the transaction on February 21, 2020.

#### **Mayor and Police Chief**

Fines and costs revenue of \$139,302 exceeded 30% of the City's total expenditures in the preceding year by \$55,799, in noncompliance with Ark. Code Ann. § 12-8-403. This revenue was generated from traffic offense citations written or by arrests made by the City's law enforcement personnel or from ancillary actions related to the enforcement of traffic offenses.

#### **Recorder/Treasurer**

Cash receipts journals were not always posted by the major source of revenue, as required by Ark. Code Ann. § 14-59-110.

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  
April 11, 2022  
LOM217220

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

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2020	\$ 130,845	\$ 60,675
Receipts:		
State aid	6,335	43,741
Federal aid	16,917	70,000
Property taxes	7,398	3,702
Franchise fees	15,583	
Sales taxes	57,539	
Fines, forfeitures, and costs	136,097	3,205
Interest	232	
Local permits and fees		6,815
Reimbursements from water and sewer		784
Donations		225
Reimbursement from City Employee		1,911
Other	1,047	379
Transfers in		15,625
Total Receipts	<u>241,148</u>	<u>146,387</u>
Disbursements:		
General government	73,740	
Law enforcement	93,469	11,790
Highways and streets		22,515
Public safety		89,091
Recreation and culture		661
Transfers out	14,905	720
Total Disbursements	<u>182,114</u>	<u>124,777</u>
Cash Balance, December 31, 2020	<u>\$ 189,879</u>	<u>\$ 82,285</u>

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

Schedule 2

	Street	Fire Protection Premium Tax (Act 833)	Fire and Rescue	Library	Parks and Recreation	Court Automation	Local Police and Fire Retirement (LOPFI)	Prisoner Care	Fire Truck Grant	Total
Cash Balance, January 1, 2020	\$ 12,584	\$ 23,528	\$ 14,864	\$ 1,208	\$ 311	\$ 198	\$ 0	\$ 7,982	\$ 0	\$ 60,675
Receipts:										
State aid	35,979	7,762								43,741
Federal aid									70,000	70,000
Property taxes	2,814		888							3,702
Fines, forfeitures, and costs						3,205				3,205
Local permits and fees			6,815							6,815
Reimbursements from water and sewer	784									784
Donations					225					225
Reimbursement from City Employee					1,911					1,911
Other	249	130								379
Transfers in			1,560				14,065			15,625
Total Receipts	<u>39,826</u>	<u>7,892</u>	<u>9,263</u>		<u>2,136</u>	<u>3,205</u>	<u>14,065</u>		<u>70,000</u>	<u>146,387</u>
Disbursements:										
Law enforcement						3,285	8,505			11,790
Highways and streets	22,515									22,515
Public safety		5,074	8,457				5,560		70,000	89,091
Recreation and culture					661					661
Transfers out			720							720
Total Disbursements	<u>22,515</u>	<u>5,074</u>	<u>9,177</u>		<u>661</u>	<u>3,285</u>	<u>14,065</u>		<u>70,000</u>	<u>124,777</u>
Cash Balance, December 31, 2020	<u>\$ 29,895</u>	<u>\$ 26,346</u>	<u>\$ 14,950</u>	<u>\$ 1,208</u>	<u>\$ 1,786</u>	<u>\$ 118</u>	<u>\$ 0</u>	<u>\$ 7,982</u>	<u>\$ 0</u>	<u>\$ 82,285</u>

CITY OF SPARKMAN, ARKANSAS  
OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(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 Police

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

	December 31, 2020
Police Bond and Fine	\$ 15,860

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, 2020
Land	\$ 32,250
Buildings	260,594
Equipment	281,944
Total	\$ 574,788