

City of Highland, Arkansas

Financial and Compliance Report

December 31, 2021 and 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HIGHLAND, 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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Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Highland, 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 Highland, Arkansas, as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated September 14, 2022. These procedures were not performed for the Sewer Department. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The commentary contained in this section relates to the following officials who held office during 2021 and 2020:

Mayor: Russell Truitt
Recorder/Treasurer: Mary Wiles
Police Chief: Shane Russell

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.

During our evaluation, nothing came to our attention that would warrant disclosure in this report.

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
September 14, 2022
LOM221621

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

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2021	\$ 387,308	\$ 35,067
Receipts:		
State aid	45,784	84,873
Federal aid	59,601	137,675
Property taxes	56,442	12,622
Franchise fees	60,822	
Sales taxes	581,768	
Fines, forfeitures, and costs	23,764	
Interest	723	81
Local permits and fees	18,997	
Sale of equipment	74,604	
Loan proceeds	50,000	
Other	15,275	1,177
Transfers in		117,531
Total Receipts	<u>987,780</u>	<u>353,959</u>
Disbursements:		
General government	158,890	
Law enforcement	240,133	45,531
Highways and streets		184,285
Public safety	284,689	
Airport	5,000	
Wastewater		9,505
Debt service	31,176	3,655
Transfers out	117,531	
Total Disbursements	<u>837,419</u>	<u>242,976</u>
Cash Balance, December 31, 2021	<u>\$ 537,669</u>	<u>\$ 146,050</u>

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

Schedule 2

	Street	Grant	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 35,066	\$ 1		\$ 35,067
Receipts:				
State aid	84,873			84,873
Federal aid		23,000	\$ 114,675	137,675
Property taxes	12,622			12,622
Interest	57		24	81
Other	1,177			1,177
Transfers in	95,000	22,531		117,531
Total Receipts	<u>193,729</u>	<u>45,531</u>	<u>114,699</u>	<u>353,959</u>
Disbursements:				
Law enforcement		45,531		45,531
Highways and streets	184,285			184,285
Wastewater			9,505	9,505
Debt service	3,655			3,655
Total Disbursements	<u>187,940</u>	<u>45,531</u>	<u>9,505</u>	<u>242,976</u>
Cash Balance, December 31, 2021	<u>\$ 40,855</u>	<u>\$ 1</u>	<u>\$ 105,194</u>	<u>\$ 146,050</u>

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

Schedule 3

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2020	\$ 213,943	\$ 16,237
Receipts:		
State aid	32,930	78,888
Federal aid	42,401	
Property taxes	49,804	11,428
Franchise fees	56,464	
Sales taxes	529,330	
Fines, forfeitures, and costs	18,979	
Interest	522	28
Local permits and fees	13,030	
Other	21,734	532
Transfers in		95,000
Total Receipts	<u>765,194</u>	<u>185,876</u>
Disbursements:		
General government	148,271	
Law enforcement	208,803	
Highways and streets		156,666
Public safety	103,564	
Airport	5,000	
Debt service	31,191	10,380
Transfers out	95,000	
Total Disbursements	<u>591,829</u>	<u>167,046</u>
Cash Balance, December 31, 2020	<u>\$ 387,308</u>	<u>\$ 35,067</u>

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

Schedule 4

	<u>Street</u>	<u>Grant</u>	<u>Total</u>
Cash Balance, January 1, 2020	\$ 16,236	\$ 1	\$ 16,237
Receipts:			
State aid	78,888		78,888
Property taxes	11,428		11,428
Interest	28		28
Other	532		532
Transfers in	95,000		95,000
Total Receipts	<u>185,876</u>		<u>185,876</u>
Disbursements:			
Highways and streets	156,666		156,666
Debt service	10,380		10,380
Total Disbursements	<u>167,046</u>		<u>167,046</u>
Cash Balance, December 31, 2020	<u>\$ 35,066</u>	<u>\$ 1</u>	<u>\$ 35,067</u>

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

Schedule 5

1. Cash balances on the Financial Schedules include demand accounts.

2. The General Fund column on the Financial Schedules includes the following bank accounts:
General Fund, General Fund Reserve, Street/Fire/Police Sales Tax, Act 833, and USDA Grant

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

	December 31, 2021	December 31, 2020
Payroll	\$ 3,119	\$ 25

These balances represent payroll taxes 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	\$ 294,146	\$ 294,146
Buildings & Improvements	651,026	651,026
Equipment	974,209	829,146
Totals	<u>\$ 1,919,381</u>	<u>\$ 1,774,318</u>

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

	December 31, 2021	December 31, 2020
Leases payable	\$ 72,402	\$ 2,572
Notes payable	93,945	39,577
Totals	<u>\$ 166,347</u>	<u>\$ 42,149</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)		\$ 41,401
American Rescue Plan Act (ARPA)	\$ 114,675	
Totals	<u>\$ 114,675</u>	<u>\$ 41,401</u>