

City of Highfill, Arkansas

Financial and Compliance Report

December 31, 2023 and 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HIGHFILL, ARKANSAS
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Arkansas

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Sen. Jim Dotson
Senate Vice Chair



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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Highfill, 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 Highfill, Arkansas, as of and for the years ended December 31, 2023 and 2022, and have issued our report thereon dated February 7, 2025. These procedures were not performed for the Water 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 and 2022:

Mayor: Chris Holland (elected January 1, 2023)
Michelle Rieff (term ended December 31, 2022)
Recorder/Treasurer: Eleni Parsons (appointed January 10, 2023)
Shai Idleman (July 12, 2022 – December 31, 2022)
Warren Nelson (resigned June 1, 2022)
District Court Clerk: Peggy Burke
Police Chief: Blake Webb

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 **Mayor**. Additionally, an issue came to our attention that would warrant disclosure in this report.

MAYOR

A listing of fixed assets was established but was not properly maintained in accordance with Ark. Code Ann. §14-59-107 as follows:

- The fixed asset listing did not include all current year additions.
- Prior year additions were not included in the current year beginning balance and were still reflected in the addition column.
- Current year additions were included in the beginning balance.
- Assets that had been removed in the prior year were included in the current year listing.
- Several assets did not indicate a purchase date.

A similar finding was issued in the previous two reports.

In 2023 and 2022, General Fund expenditures exceeded budgeted amounts by \$391,250 (21%) and \$466,118 (29%), respectively, in noncompliance with Ark. Code Ann. § 14-58-203.

OTHER ISSUES

Four unauthorized withdrawals totaling \$12,000 were made from the City's bank account on June 9, 2022. Entity personnel discovered the unauthorized withdrawals upon reconciliation of the affected bank accounts, and the funds were recovered from the bank.

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
February 7, 2025
LOM223323

CITY OF HIGHFILL, 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	\$ 1,501,982	\$ 192,545
Receipts:		
State aid	44,511	207,666
Federal aid	4,212	
Property taxes	333,474	66,681
Franchise fees	51,796	
Sales taxes	1,756,260	
Fines, forfeitures, and costs	51,584	818
Interest	13,088	1,484
Local permits and fees	535,541	
Grants	25,600	
Contribution from water department	35,618	
Other	19,130	556
Transfers in		83,469
Total Receipts	<u>2,870,814</u>	<u>360,674</u>
Disbursements:		
General government	537,247	
Law enforcement	625,539	12,622
Highways and streets		332,619
Public safety	305,337	408
Recreation and culture	63,699	
Contribution to water department	469,508	
Wastewater		938
Debt service	133,600	
Transfers out	83,469	
Total Disbursements	<u>2,218,399</u>	<u>346,587</u>
Cash Balance, December 31, 2023	<u>\$ 2,154,397</u>	<u>\$ 206,632</u>

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

Schedule 2

	Street	Fire Equipment and Training (Act 833)	Police Equipment	Silver Meadows Street	American Rescue Plan	Total
Cash Balance, January 1, 2023	\$ 65,718	\$ 38,239	\$ 25,061	\$ 62,591	\$ 936	\$ 192,545
Receipts:						
State aid	133,874	30,259	43,533			207,666
Property taxes	66,681					66,681
Fines, forfeitures, and costs	818					818
Interest	226	701	555		2	1,484
Other	556					556
Transfers in	83,469					83,469
Total Receipts	<u>285,624</u>	<u>30,960</u>	<u>44,088</u>		<u>2</u>	<u>360,674</u>
Disbursements:						
Law enforcement			12,622			12,622
Highways and streets	332,619					332,619
Public safety		408				408
Wastewater					938	938
Total Disbursements	<u>332,619</u>	<u>408</u>	<u>12,622</u>		<u>938</u>	<u>346,587</u>
Cash Balance, December 31, 2023	<u>\$ 18,723</u>	<u>\$ 68,791</u>	<u>\$ 56,527</u>	<u>\$ 62,591</u>	<u>\$ 0</u>	<u>\$ 206,632</u>

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

Schedule 3

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2022	\$ 1,233,369	\$ 178,008
Receipts:		
State aid	23,675	164,527
Federal aid	5,454	65,780
Property taxes	292,980	58,130
Franchise fees	36,283	
Sales taxes	1,495,843	
Fines, forfeitures, and costs	3,219	40,327
Interest	2,546	439
Local permits and fees	372,096	
Grants	83,480	
Contribution from water department	30,742	
Other	17,816	761
Transfers in	500	257,957
Total Receipts	<u>2,364,634</u>	<u>587,921</u>
Disbursements:		
General government	395,890	
Law enforcement	704,328	88,910
Highways and streets		397,343
Public safety	291,224	11,332
Recreation and culture	50,817	
Contribution to water department	335,500	
Wastewater		65,000
Debt service	60,305	10,299
Transfers out	257,957	500
Total Disbursements	<u>2,096,021</u>	<u>573,384</u>
Cash Balance, December 31, 2022	<u>\$ 1,501,982</u>	<u>\$ 192,545</u>

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

Schedule 4

	Street	Fire Equipment and Training (Act 833)	Police Equipment	Silver Meadows Street	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 19,417	\$ 21,625	\$ 8,559	\$ 62,591	\$ 65,816	\$ 178,008
Receipts:						
State aid	137,016	27,511				164,527
Federal aid					65,780	65,780
Property taxes	58,130					58,130
Fines, forfeitures, and costs	760		39,567			40,327
Interest	69	185	65		120	439
Other	511	250				761
Transfers in	257,957					257,957
Total Receipts	<u>454,443</u>	<u>27,946</u>	<u>39,632</u>		<u>65,900</u>	<u>587,921</u>
Disbursements:						
Law enforcement			23,130		65,780	88,910
Highways and streets	397,343					397,343
Public safety		11,332				11,332
Wastewater					65,000	65,000
Debt service	10,299					10,299
Transfers out	500					500
Total Disbursements	<u>408,142</u>	<u>11,332</u>	<u>23,130</u>		<u>130,780</u>	<u>573,384</u>
Cash Balance, December 31, 2022	<u>\$ 65,718</u>	<u>\$ 38,239</u>	<u>\$ 25,061</u>	<u>\$ 62,591</u>	<u>\$ 936</u>	<u>\$ 192,545</u>

CITY OF HIGHFILL, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(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, Fire Equipment, Parks and Recreation, Special Police, and Community Building

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

	December 31, 2023	December 31, 2022
Land	\$ 1,070,550	\$ 1,070,550
Buildings	895,255	886,229
Equipment	1,767,084	1,493,467
Totals	<u>\$ 3,732,889</u>	<u>\$ 3,450,246</u>

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

	December 31, 2023	December 31, 2022
Financed purchases	<u>\$ 186,439</u>	<u>\$ 167,215</u>

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

	December 31, 2022
American Rescue Plan Act (ARPA)	<u>\$ 65,780</u>

6. Lawsuit - Northwest Arkansas Regional Airport Authority

On October 12, 2023, the City of Highfill filed a lawsuit (04CV-23-2800) against Northwest Arkansas Regional Airport Authority after the Authority voted to detach from the City. As of the report date, this matter is ongoing.