

**City of Grady, Arkansas**

**Financial and Compliance Report**

**December 31, 2024**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF GRADY, ARKANSAS  
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FOR THE YEAR ENDED DECEMBER 31, 2024

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# Arkansas

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Senate Vice Chair



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**Rep. RJ Hawk**  
House Vice Chair

**Kevin William White, CPA, JD**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Financial and Compliance Report

City of Grady, 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 Grady, Arkansas, as of and for the year ended December 31, 2024, and have issued our report thereon dated June 16, 2025. These procedures were not performed for the Water and Sewer Departments. 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 2024:

Mayor: Charles Knight  
Recorder/Treasurer: Lynley Powell  
District Court Clerk: Carmen Davis  
Police Chief/Marshal: Kenny Hunter

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 **Mayor** and **Recorder/Treasurer**.

#### **Mayor**

An audit or agreed upon procedures report has not been obtained for the Grady Water and Sewer System since 2017 as required by Ark. Code Ann. § 14-234-119. The City signed an engagement letter on September 13, 2024, for the years 2023 and 2022; however, the City has not received the report as of report date. A similar finding was issued in the previous four reports.

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

In August 2024, \$27,694 was paid from restricted Criminal Incarceration Funds for water well repairs, in noncompliance with Ark. Code Ann. § 16-17-129. The City Council approved to repay the Criminal Incarceration Fund \$500 per month until repaid in full. In 2024, the City made total payments of \$1,500 to reduce the balance.

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 dark ink, appearing to read "Kevin White", written over a light blue background.

Kevin William White, CPA, JD  
Legislative Auditor

Little Rock, Arkansas  
June 16, 2025  
LOM206724

CITY OF GRADY, ARKANSAS  
SCHEDULE OF FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2024	\$ 75,486	\$ 340,770
Receipts:		
State aid	4,536	48,798
Property taxes	20,495	8,913
Franchise fees	32,390	
Sales taxes	110,707	
Fines, forfeitures, and costs	356,939	42,637
Interest	19	
Local permits and fees	3,248	
Contribution from water department		1,500
Other	7,309	3,010
Transfers in		92,712
Total Receipts	535,643	197,570
Disbursements:		
General government	431,838	
Law enforcement	7,412	22,968
Highways and streets		115,487
Public safety	1,008	47,445
Contribution to water department		27,694
Transfers out	82,911	9,801
Total Disbursements	523,169	223,395
Cash Balance, December 31, 2024	\$ 87,960	\$ 314,945

CITY OF GRADY, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2024  
 (UNAUDITED)

Schedule 2

	Street	Administration of Justice	Criminal Incarceration	Municipal Computer	Fire Equipment and Training Act 833	Court Automation	Sales Tax/Street Improvements	Total
Cash Balance, January 1, 2024	\$ 5,219	\$ 2,839	\$ 104,332	\$ 41,465	\$ 29,919	\$ 4,188	\$ 152,808	\$ 340,770
Receipts:								
State aid	25,080				23,718			48,798
Property taxes	8,913							8,913
Fines, forfeitures, and costs		8,101	22,100	11,091		1,345		42,637
Contribution from water department			1,500					1,500
Other	3,010							3,010
Transfers in	9,801						82,911	92,712
Total Receipts	46,804	8,101	23,600	11,091	23,718	1,345	82,911	197,570
Disbursements:								
Law enforcement		8,543	440	13,985				22,968
Highways and streets	45,130						70,357	115,487
Public safety					42,234	5,211		47,445
Contribution to water department			27,694					27,694
Transfers out							9,801	9,801
Total Disbursements	45,130	8,543	28,134	13,985	42,234	5,211	80,158	223,395
Cash Balance, December 31, 2024	\$ 6,893	\$ 2,397	\$ 99,798	\$ 38,571	\$ 11,403	\$ 322	\$ 155,561	\$ 314,945

CITY OF GRADY, ARKANSAS  
OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(UNAUDITED)

Schedule 3

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 and Legal Defense

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

	<u>December 31, 2024</u>
District Court	\$ 103,373

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:

	<u>December 31, 2024</u>
Land and Buildings	\$ 390,877
Equipment	<u>376,216</u>
Total	<u><u>\$ 767,093</u></u>