

**City of Grubbs, Arkansas**

**Financial and Compliance Report**

**December 31, 2024**

LEGISLATIVE JOINT AUDITING COMMITTEE

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

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# Arkansas

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House Vice Chair

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Financial and Compliance Report

City of Grubbs, 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 Grubbs, Arkansas, as of and for the year ended December 31, 2024, and have issued our report thereon dated February 10, 2026. These procedures were not performed for the Water and Sewer Fund. 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: Candace Miller  
Recorder/Treasurer: Chris Sutherland

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 were noted in the offices of **Mayor** and **Recorder/Treasurer**.

#### **Mayor**

The City entered into a seven year financed purchase agreement on September 17, 2024, in the amount of \$37,356, for the purchase of a tractor and rotary cutter, which appears to be in conflict with Ark. Const. amend. 78, § 2, limiting short-term financing obligations for a period not to exceed five years.

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

Although Schedule 1 of this report shows a balance of \$16,183, it was brought to our attention that as of December 31, 2024, the General Fund owed a significant amount for balances owed to the Internal Revenue Service (IRS). As shown in Note 4 on Schedule 3, when these outstanding amounts were considered, the General Fund had a deficit balance of \$30,523. As of report date, the City is in negotiations with the IRS on a repayment plan. A similar finding was issued in the prior year.

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".

Kevin William White, CPA, JD  
Legislative Auditor

Little Rock, Arkansas  
February 10, 2026  
LOM207424

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

Schedule 1

	General Fund	Special Revenue Funds
	<u>          </u>	<u>          </u>
Cash Balance, January 1, 2024	\$ 12,339	\$ 44,998
Receipts:		
State aid	37,847	134,043
Property taxes	10,114	3,157
Franchise fees	13,482	
Sales taxes	42,961	9,764
Local permits and fees	280	
Contribution from water and sewer		2,000
Donations	950	11,852
Insurance proceeds	64,826	
Other	3,935	1,027
Transfers in		15,850
Total Receipts	<u>174,395</u>	<u>177,693</u>
Disbursements:		
General government	146,908	
Highways and streets		68,035
Public safety		19,086
Recreation and culture		89,456
Debt service	1,334	
Transfers out	15,850	
Contribution to water and sewer	6,459	
Total Disbursements	<u>170,551</u>	<u>176,577</u>
Cash Balance, December 31, 2024	<u>\$ 16,183</u>	<u>\$ 46,114</u>

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

Schedule 2

	Street	Fire Department	Park	Total
Cash Balance, January 1, 2024	\$ 22,047	\$ 22,951		\$ 44,998
Receipts:				
State aid	24,751	9,292	\$ 100,000	134,043
Property taxes	3,157			3,157
Sales taxes		9,764		9,764
Contribution from water and sewer	2,000			2,000
Donations	3,510	6,758	1,584	11,852
Other	655	372		1,027
Transfers in	15,850			15,850
Total Receipts	<u>49,923</u>	<u>26,186</u>	<u>101,584</u>	<u>177,693</u>
Disbursements:				
Highways and streets	68,035			68,035
Public safety		19,086		19,086
Recreation and culture			89,456	89,456
Total Disbursements	<u>68,035</u>	<u>19,086</u>	<u>89,456</u>	<u>176,577</u>
Cash Balance, December 31, 2024	<u>\$ 3,935</u>	<u>\$ 30,051</u>	<u>\$ 12,128</u>	<u>\$ 46,114</u>

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

Schedule 3

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

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

	December 31, 2024
Land	\$ 28,540
Buildings	243,945
Equipment	795,297
Total	\$ 1,067,782

3. The outstanding balance at year-end for long-term liabilities is as follows:

	December 31, 2024
Financed purchase	\$ 36,022

4. Deficit General Fund Balance

The schedules included on our Financial and Compliance Reports are typically cash basis. We are including additional information here, as it was brought to our attention that the General Fund owed a significant amount to the Internal Revenue Service (IRS) at December 31, 2024. The information below begins with the cash balance for the General Fund. The computation includes changes to the cash balance for outstanding amounts owed at year end.

	General
Balances as of December 31, 2024	
Cash balance per accountant's report	\$ 16,183
Due to the IRS*	(46,706)
Restated balance as of December 31, 2024	\$ (30,523)

\*Amount noted as of April 3, 2023, updated for recent activity.