

City of Holly Grove, Arkansas

Financial and Compliance Report

December 31, 2024



CITY OF HOLLY GROVE, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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



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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Holly Grove, 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 Holly Grove, Arkansas, as of and for the year ended December 31, 2024, and have issued our report thereon dated November 14, 2025. 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: Willie B Stokes
Recorder: Dedra Coleman (appointed May 23, 2024)
Patricia McGahee (resigned May 23, 2024)
Treasurer: Ruthie Foster
District Court Clerk: Joyce Hampton (appointed June 28, 2024; resigned October 28, 2024)
Patricia McGahee (resigned May 23, 2024)
Police Chief: Kristy Greene (appointed January 10, 2024)
Nikkos Williams (resigned January 5, 2024)

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, City Treasurer, and District Court Clerk.**

Mayor

General Fund expenditures exceeded appropriations by \$140,708 (79%) in noncompliance with Ark. Code Ann. § 14-58-203.

The governing body did not review the prior year report and accompanying comments at the first regularly scheduled meeting following receipt of the report, in noncompliance with Ark. Code Ann. § 10-4-418.

City Treasurer

Accounting procedures for municipalities are set forth in Ark. Code Ann. §§ 14-59-1011 - 14-59-119. The city was in noncompliance with these codes and other accounting procedures as follows:

- Bank reconciliations contained numerous errors.
- Cash receipts and disbursements journals were not properly posted and reconciled with bank deposits and withdrawals.
- Checks were not always voided properly.
- A fixed asset listing was established, but did not include all additions and deletions.

A similar finding was noted in the previous report.

The following issues were noted while reviewing the payroll records:

- Internal Revenue Service (IRS) Form W-3 and quarterly payroll Form 941 reports were not in agreement.
- Federal taxes owed for the current year of \$39,761, were not remitted to the IRS. Additional penalties and interest could be due.
- In 2024, the City incurred IRS interest in the amount of \$384 for untimely tax payment for September and December 2020.
- One employee's IRS Form W-2 was overstated.

District Court Clerk

Bank reconciliations were not properly prepared and the balance in the District Court bank account was not identified with receipts issued for cases not yet adjudicated and the payments made on all unpaid individual time accounts, as required by Ark. Code Ann. § 16-10-209.

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
November 14, 2025
LOM208524

CITY OF HOLLY GROVE, 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	\$ 39,042	\$ 288,022
Receipts:		
State aid	6,841	37,826
Federal aid	13,400	
Property taxes	10,270	4,738
Franchise fees	26,274	
Sales taxes	125,309	
Fines, forfeitures, and costs	5,090	409
Interest	79	762
Local permits and fees	2,840	122
Donations	1,345	500
Rent	11,600	10,785
Mosquito fees		5,674
Sanitation fees		64,206
Contribution from water department		1,000
Insurance proceeds	60,740	
Other	38,022	11,938
Transfers in		1,400
Total Receipts	<u>301,810</u>	<u>139,360</u>
Disbursements:		
General government	219,863	23,317
Law enforcement	120,343	14,398
Highways and streets		46,371
Public safety		15,323
Sanitation		71,228
Health		17,705
Recreation and culture	1,020	
Airport		3,231
Contribution to water department	3,000	3,800
Transfers out	1,400	
Unclassified	(25,870)	
Total Disbursements	<u>319,756</u>	<u>195,373</u>
Cash Balance, December 31, 2024	<u>\$ 21,096</u>	<u>\$ 232,009</u>

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

Schedule 2

	Street	Sanitation	American Rescue Plan Act	LOPFI	Animal Control	Criminal Justice	Fire Protection (Act 833)	Fire Department Special
Cash Balance, January 1, 2024	\$ 3,198	\$ 6,623	\$ 17,867	\$ 17,785	\$ 1,422	\$ 2,462	\$ 30,497	\$ 14,628
Receipts:								
State aid	37,826							
Property taxes	3,090			1,648				
Fines, forfeitures, and costs				184		153		
Interest	7	6		42		6	69	39
Local permits and fees							122	
Donations								500
Rent								
Mosquito fees								
Sanitation fees		64,206						
Contribution from water department	1,000							
Other	1,064	510						8,589
Transfers in	1,400							
Total Receipts	<u>44,387</u>	<u>64,722</u>		<u>1,874</u>		<u>159</u>	<u>191</u>	<u>9,128</u>
Disbursements:								
General government			17,867					
Law enforcement				5,382				
Highways and streets	46,371							
Public safety							4,731	10,592
Sanitation		71,228						
Health								
Airport								
Contribution to water department								
Total Disbursements	<u>46,371</u>	<u>71,228</u>	<u>17,867</u>	<u>5,382</u>			<u>4,731</u>	<u>10,592</u>
Cash Balance, December 31, 2024	<u>\$ 1,214</u>	<u>\$ 117</u>	<u>\$ 0</u>	<u>\$ 14,277</u>	<u>\$ 1,422</u>	<u>\$ 2,621</u>	<u>\$ 25,957</u>	<u>\$ 13,164</u>

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

Schedule 2

	Improvement	Airport	Mosquito Control	Community Building	USDA Shelter	ADFA Home	Court Automation	Housing Authority	Total
Cash Balance, January 1, 2024	\$ 105,254	\$ 67,632	\$ 14,936	\$ 2,870	\$ 1,272	\$ 291	\$ 1,152	\$ 133	\$ 288,022
Receipts:									
State aid									37,826
Property taxes									4,738
Fines, forfeitures, and costs							72		409
Interest	559		33			1			762
Local permits and fees									122
Donations									500
Rent		6,000		3,535	1,250				10,785
Mosquito fees			5,674						5,674
Sanitation fees									64,206
Contribution from water department									1,000
Other	1,775								11,938
Transfers in									1,400
Total Receipts	<u>2,334</u>	<u>6,000</u>	<u>5,707</u>	<u>3,535</u>	<u>1,250</u>	<u>1</u>	<u>72</u>		<u>139,360</u>
Disbursements:									
General government	850			2,942	1,658				23,317
Law enforcement	9,000						16		14,398
Highways and streets									46,371
Public safety									15,323
Sanitation									71,228
Health			17,705						17,705
Airport		3,231							3,231
Contribution to water department	3,800								3,800
Total Disbursements	<u>13,650</u>	<u>3,231</u>	<u>17,705</u>	<u>2,942</u>	<u>1,658</u>		<u>16</u>		<u>195,373</u>
Cash Balance, December 31, 2024	<u>\$ 93,938</u>	<u>\$ 70,401</u>	<u>\$ 2,938</u>	<u>\$ 3,463</u>	<u>\$ 864</u>	<u>\$ 292</u>	<u>\$ 1,208</u>	<u>\$ 133</u>	<u>\$ 232,009</u>

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

Schedule 3

1. Cash balances on the Financial Schedules include demand accounts and certificates of deposit.

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

	<u>December 31,</u> <u>2024</u>
Police Bond and Fine	\$ 6,436

This balance represent fines, forfeitures, and costs that have not been transferred to the appropriate entities.

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

	<u>December 31,</u> <u>2024</u>
Land	\$ 325,300
Buildings	331,050
Equipment	<u>351,567</u>
Total	<u>\$ 1,007,917</u>