

Arkansas



Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair

Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

TO: Auditee

FROM: Timothy R. Jones, CPA, CFF
Deputy Legislative Auditor

DATE: March 8, 2024

SUBJECT: Legislative Joint Auditing Committee Review Of:

City of Hoxie
December 31, 2022

The enclosed report will be early released on March 13, 2024 and will be presented to the Legislative Joint Auditing Committee for its review at **1:30 p.m.**, on **Thursday, June 13, 2024** in Conference Room 151, State Capitol Building, Little Rock, Arkansas.

If your presence at the meeting is requested, you will be notified in a separate letter.

As a reminder, Ark. Code Ann. § 10-4-418 requires the City Council to review this report and accompanying comments, if applicable, at the first regularly scheduled meeting following the receipt of this report, if received at least ten days prior to the meeting. If the report is received less than 10 days prior to the next regularly scheduled meeting, the report may be reviewed at the following meeting. The City Council is required to take appropriate action relating to each finding and recommendation in the report, and the minutes of the meeting shall document the review of the findings and recommendations and actions taken.

Please refer to the "Meetings" tab on our website at arklegaudit.gov or the meeting calendar on the General Assembly webpage at arkleg.state.ar.us for any additional changes to meeting dates.

If you should have any questions or comments regarding this matter, please feel free to contact us.

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Financial and Compliance Report

City of Hoxie, 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 Hoxie, Arkansas, as of and for the year ended December 31, 2022, and have issued our report thereon dated January 23, 2024. These procedures were not performed for the Water, Sewer, and Utilities 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 2022:

Mayor: Dennis Coggins
Clerk: Verna Coats
Treasurer: Delinda Duckworth
Police Chief: Glen Smith (Placed on paid administrative leave August 9, 2022)
Bubba Blackwood (Interim chief August 9, 2022 – September 22, 2022)
Eric Cheatham (Appointed September 22, 2022)

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 the Mayor.

Mayor

On December 14, 2021, the City Council approved a \$110,000 loan to a company owned, in part, by the City Attorney. The loaned funds originated from the City's Re-Use Job Stimulus Fund, which, according to the City's Re-Use Plan (Plan), should be used to revitalize and expand business and industrial employment in the City. Subsequently, the company purchased land, partially owned by the Mayor, and built storage units within the City. The Hoxie Administration Board of Directors (Board) reviewed the company's loan request but did not require submission of a loan application, in noncompliance with Plan policy. City officials indicated that Board approval of Re-Use loans without an application was a regular practice.

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

Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

Little Rock, Arkansas
January 23, 2024
LOM104722