

City of Turrell, Arkansas

Financial and Compliance Report

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF TURRELL, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2022

Financial and Compliance Report

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Arkansas

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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Turrell, 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 Turrell, Arkansas, as of and for the year ended December 31, 2022, and have issued our report thereon dated March 19, 2024. These procedures were not performed for the Water and Sewer Funds. 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 relates to the following officials who held office during 2022:

Mayor: Charles Webster
Treasurer: Dora Jordan
Recorder: Brandy Beaulieu (resigned June 7, 2022)
Megan Wilhoite (appointed June 7, 2022)
District Court Clerk: Nanette Nauden
Police Chief: Gregory Todd Gray

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, Treasurer, and District Court Clerk.**

Mayor and Treasurer

1. Although Schedule 1 of this report shows a balance of \$166,163, it was brought to our attention that as of December 31, 2022, 8.5% of the General Fund ending balance was restricted for Act 833 Fire Department expenditures, leaving net unrestricted cash balance of \$152,002. In addition, General Fund owed a significant amount to the Street Fund. As shown in Note 7 on Schedule 3, when these outstanding amounts were considered, the General Fund had a deficit unrestricted balance of \$97,998. A similar finding was noted in the previous three reports dating back to 2018.
2. The City paid \$724 for a sports broadcasting package for the volunteer fire department, in apparent conflict with the "public purpose" doctrine and Ark. Const. art. 12 § 5.

Treasurer

1. State aid for highway funds in previous years of \$250,000 owed to the Street Fund was not transferred during the engagement period, in noncompliance with Ark. Code Ann. §§ 26-79-104, 27-70-207. The City made payments of \$3,200 (1% of General Fund revenues) without a resolution or ordinance to repay the Street Fund. In addition, the City has not obtained authorization from the Legislative Joint Auditing Committee for repayment of less than 10% of general revenues annually. A similar finding was noted in the previous reports dating back to 2003.
2. The City did not establish an electronic funds payment system with written policies and procedures for internal accounting controls and documentation for accounting purposes, in noncompliance with Ark. Code Ann. § 14-59-105.

District Court Clerk

1. Accounting procedures for district courts are set forth in Ark. Cod Ann. § 16-10-209. The City was not in compliance with this code as follows:
 - Cash receipts journals were not properly posted.
 - Prenumbered receipts were not issued for all funds collected or in a timely manner.
 - Receipts were not always deposited in a timely manner.
 - Bank reconciliations were not prepared at the end of each month and ending balances were not identified with receipt numbers not yet adjudicated and the payment made on all unpaid time accounts.
 - Monthly settlements were not made in a timely manner.
 - A listing of outstanding, unpaid installment payment accounts was not presented to the judge for necessary action.
2. District Court case dockets were not always maintained, in noncompliance with Ark Code Ann. § 16-10-211. Therefore, we were unable to substantiate adjustments made to two citations tested.

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
March 19, 2024
LOM218622

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

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2022	\$ 124,970	\$ 82,497
Receipts:		
State aid	13,228	44,636
Federal aid		57,492
Property taxes	25,163	2,493
Franchise fees	19,938	
Sales taxes	206,407	
Fines, forfeitures, and costs	3,522	500
Local permits and fees	4,454	
Sanitation fees	31,545	
Other	1,502	
Transfers in		3,200
Total Receipts	<u>305,759</u>	<u>108,321</u>
Disbursements:		
General government	76,893	6,196
Law enforcement	27,630	25,329
Highways and streets		46,604
Public safety	96,910	5,167
Sanitation	40,214	8,397
Recreation and culture	3,779	
Debt service	14,515	6,000
Transfers out	3,200	
Contributions to water department	1,425	29,022
Total Disbursements	<u>264,566</u>	<u>126,715</u>
Cash Balance, December 31, 2022	<u>\$ 166,163</u>	<u>\$ 64,103</u>

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

Schedule 2

	Street	American Rescue Plan Act	Court Automation	Total
Cash Balance, January 1, 2022	\$ 25,004	\$ 57,493		\$ 82,497
Receipts:				
State aid	44,636			44,636
Federal aid		57,492		57,492
Property taxes	2,493			2,493
Fines, forfeitures, and costs			\$ 500	500
Transfers in	3,200			3,200
Total Receipts	<u>50,329</u>	<u>57,492</u>	<u>500</u>	<u>108,321</u>
Disbursements:				
General government		6,196		6,196
Law enforcement		25,233	96	25,329
Highways and streets	46,604			46,604
Public safety		5,167		5,167
Sanitation		8,397		8,397
Debt service	6,000			6,000
Contributions to water department		29,022		29,022
Total Disbursements	<u>52,604</u>	<u>74,015</u>	<u>96</u>	<u>126,715</u>
Cash Balance, December 31, 2022	<u>\$ 22,729</u>	<u>\$ 40,970</u>	<u>\$ 404</u>	<u>\$ 64,103</u>

CITY OF TURRELL, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Schedule 3

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

2. The General Fund column on the Financial Schedules includes the following bank accounts:
General and Fire Department

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

	December 31, 2022
District Court	\$ 4,272

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

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

	December 31, 2022
Land	\$ 79,522
Buildings	214,110
Equipment	680,070
Total	\$ 973,702

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

	December 31, 2022
Financed purchases	\$ 67,208

CITY OF TURRELL, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Schedule 3

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

	<u>December 31, 2022</u>
American Rescue Plan Act (ARPA)	<u>\$ 57,492</u>

7. Deficit 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 City of Turrell had a significant balance due to Street fund at December 31, 2022. Also, 8.5% of the General Fund ending cash balance contained funds restricted for Fire Department Act 833 expenditure purposes. The information below begins with the cash balances for the General and Street Funds. The computation includes changes to the cash balances for the outstanding amounts owed at year end.

	<u>General Fund</u>	<u>Street Fund</u>
Balances as of December 31, 2022:		
Cash balance per accountant's report	\$ 166,163	\$ 22,729
Amount restricted for Act 833	(14,161)	
Net unrestricted cash balance	<u>152,002</u>	<u>22,729</u>
 Due to Street Fund	 (250,000)	
Due from General Fund		<u>250,000</u>
 Restated balances as of December 31, 2022	 <u>\$ (97,998)</u>	 <u>\$ 272,729</u>