

Town of Sunset, Arkansas

Financial and Compliance Report

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF SUNSET, 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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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

Financial and Compliance Report

Town of Sunset, 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 Town of Sunset, Arkansas, as of and for the year ended December 31, 2022, and have issued our report thereon dated October 5, 2023. These procedures were not performed for the Water and Sewer Funds. Management of the Town is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The commentary contained in this section relate to the following officials who held office during 2022:

Mayor: Lensey Hayes
Recorder/Treasurer: Vacant

We evaluated the Town'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 was noted in the office of **Mayor**.

Mayor

On November 17, 2021, a town employee used personal credit to enter into an installment contract for \$43,929 to purchase a 2019 Ford truck. The Town paid the installments from December 2021 through October 2022, in conflict with Ark. Const. art. 12, § 5. The Town subsequently entered into a loan agreement on November 1, 2022, that named the Town as the owner of the vehicle, at which time the balance owed on the original agreement was \$38,603. The Town financed \$33,400 and paid a down payment of \$9,858, which included a processing fee of \$150. As a result, the net amount paid for the vehicle totaled \$43,108, which is \$4,505 more than the balance owed for the vehicle when the Town entered into the loan agreement. The Town is unable to provide documentation justifying this difference.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local Town 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 cursive script, reading "Roger A. Norman".

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

Little Rock, Arkansas
October 5, 2023
LOM315822

TOWN OF SUNSET, 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	\$ 92,212	\$ 53,987
Receipts:		
State aid	2,745	15,886
Federal aid		19,682
Property taxes	8,931	992
Franchise fees	11,871	
Sales taxes	120,751	
Sanitation fees	33,182	
Contributions from the City of Marion	28,795	
Other	13,149	
Transfers in		15,000
Total Receipts	<u>219,424</u>	<u>51,560</u>
Disbursements:		
General government	195,268	16,238
Highways and streets		8,638
Sanitation	54,840	5,148
Debt service	10,740	
Transfers out	15,000	
Total Disbursements	<u>275,848</u>	<u>30,024</u>
Cash Balance, December 31, 2022	<u>\$ 35,788</u>	<u>\$ 75,523</u>

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

Schedule 2

	Street	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 44,245	\$ 9,742	\$ 53,987
Receipts:			
State aid	15,886		15,886
Federal aid		19,682	19,682
Property taxes	992		992
Transfers in	15,000		15,000
Total Receipts	<u>31,878</u>	<u>19,682</u>	<u>51,560</u>
Disbursements:			
General government		16,238	16,238
Highways and streets	8,638		8,638
Sanitation		5,148	5,148
Total Disbursements	<u>8,638</u>	<u>21,386</u>	<u>30,024</u>
Cash Balance, December 31, 2022	<u>\$ 67,485</u>	<u>\$ 8,038</u>	<u>\$ 75,523</u>

TOWN OF SUNSET, 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 Municipality's capital assets records are summarized below:

	December 31, 2022
	<u> </u>
Land	\$ 18,360
Buildings	224,949
Equipment	<u>163,085</u>
Total	<u><u>\$ 406,394</u></u>

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

	December 31, 2022
	<u> </u>
Notes payable	<u><u>\$ 32,561</u></u>

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

	December 31, 2022
	<u> </u>
American Rescue Plan Act (ARPA)	<u><u>\$ 19,682</u></u>