

City of Kensett, Arkansas

Financial and Compliance Report

December 31, 2017

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF KENSETT, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2017

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 Kensett, 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 Kensett, Arkansas, as of and for the year ended December 31, 2017, and have issued our report thereon dated September 25, 2018. These procedures were not performed for the Water and Sewer Department. 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 2017:

Mayor: Allen Edge
Recorder/Treasurer: Melissa Brown
District Court Clerk: Christina Alberson
Police Chief: John Pollard

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.

Our procedures indicated that the offices of **Mayor**, **District Court Clerk**, and **Police Chief** were in substantial compliance with Arkansas fiscal and financial laws. Noncompliance with state law and accepted accounting practices was noted in the office of Recorder/Treasurer.

Recorder/Treasurer

1. Receipts were not issued for interest earned on certificates of deposits, as required by Ark. Code Ann. § 14-59-109.
2. The cash receipts journal for the certificates of deposits was not properly reconciled to bank deposits, as required by Ark. Code Ann. § 14-59-110.
3. A fixed asset listing was established, but did not contain all additions, as required by Ark. Code Ann. § 14-59-107. A similar finding was noted in the previous report.

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

Handwritten signature of Roger A. Norman in cursive.

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

Little Rock, Arkansas
September 25, 2018
LOM209917

CITY KENSSETT, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds	Pension Trust Fund - Firemen's Pension
	<u> </u>	<u> </u>	<u> </u>
Cash Balance, January 1, 2017	\$ 341,773	\$ 329,481	\$ 79,343
Receipts:			
State aid	26,143	125,149	4,035
Federal aid		117,500	
Property taxes	17,654	6,516	4,332
Franchise fees	57,392		
Sales taxes	229,628		
Fines, forfeitures, and costs	121,917	54,570	
Interest	3,197	2,889	715
Local permits and fees	2,996	200	
Sanitation fees		119,250	
Contributions from county		49,012	
Other	1,271	4,042	178
Transfers in		6,094	
Total Receipts	<u>460,198</u>	<u>485,222</u>	<u>9,260</u>
Disbursements:			
General government	145,120		
Law enforcement	282,473	37,142	
Highways and streets	8	107,355	
Public safety	15,746	184,476	88,310
Sanitation	45	115,153	
Recreation and culture	545		
Debt service	6,467	11,352	
Transfers out	1,022	5,072	
Total Disbursements	<u>451,426</u>	<u>460,550</u>	<u>88,310</u>
Cash Balance, December 31, 2017	<u>\$ 350,545</u>	<u>\$ 354,153</u>	<u>\$ 293</u>

CITY KENSSETT, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (UNAUDITED)

Schedule 2

	Street	Sanitation	Court Automation	Criminal Activity	Arkansas Economic Development Commission Grant - Fire Station	Firemen's Insurance (Act 833)	One Fourth Cent Sales Tax
Cash Balance, January 1, 2017	\$ 127,168	\$ 160,749	\$ 7,117	\$ 4,667	\$ 47	\$ 21,684	\$ 2,011
Receipts:							
State aid	113,368					11,781	
Federal aid					67,500		
Property taxes	6,516						
Fines, forfeitures, and costs			8,103	46,467			
Interest	1,344	1,353	57	68			27
Local permits and fees	200						
Sanitation fees		119,250					
Contributions from county							8,735
Other	1,483	8					1,551
Transfers in							
Total Receipts	<u>122,911</u>	<u>120,611</u>	<u>8,160</u>	<u>46,535</u>	<u>67,500</u>	<u>11,781</u>	<u>10,313</u>
Disbursements:							
Law enforcement			6,403	30,739			
Highways and streets	107,184						
Public safety					67,500	32,713	8,601
Sanitation		115,153					
Debt service				11,352			
Transfers out	1,559	1,952		1,561			
	<u>108,743</u>	<u>117,105</u>	<u>6,403</u>	<u>43,652</u>	<u>67,500</u>	<u>32,713</u>	<u>8,601</u>
Cash Balance, December 31, 2017	<u>\$ 141,336</u>	<u>\$ 164,255</u>	<u>\$ 8,874</u>	<u>\$ 7,550</u>	<u>\$ 47</u>	<u>\$ 752</u>	<u>\$ 3,723</u>

CITY KENSSETT, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (UNAUDITED)

Schedule 2

	<u>Fire Hydrant Grant</u>	<u>New Fire Station</u>	<u>.25% Fire Protection Sales Tax</u>	<u>Street Capital Expenditures</u>	<u>Sanitation Capital Expenditures</u>	<u>Police Department Capital Expenditures</u>	<u>Total</u>
Cash Balance, January 1, 2017	\$ 3,065	\$ 2,973					\$ 329,481
Receipts:							
State aid							125,149
Federal aid		50,000					117,500
Property taxes							6,516
Fines, forfeitures, and costs							54,570
Interest			\$ 34	\$ 1	\$ 2	\$ 3	2,889
Local permits and fees							200
Sanitation fees							119,250
Contributions from county			40,277				49,012
Other		1,000					4,042
Transfers in				1,559	1,952	2,583	6,094
Total Receipts		<u>51,000</u>	<u>40,311</u>	<u>1,560</u>	<u>1,954</u>	<u>2,586</u>	<u>485,222</u>
Disbursements:							
Law enforcement							37,142
Highways and streets				57	57	57	107,355
Public safety	3,065	51,046	21,551				184,476
Sanitation							115,153
Debt service							11,352
Transfers out							5,072
Total Disbursements	<u>3,065</u>	<u>51,046</u>	<u>21,551</u>	<u>57</u>	<u>57</u>	<u>57</u>	<u>460,550</u>
Cash Balance, December 31, 2017	<u>\$ 0</u>	<u>\$ 2,927</u>	<u>\$ 18,760</u>	<u>\$ 1,503</u>	<u>\$ 1,897</u>	<u>\$ 2,529</u>	<u>\$ 354,153</u>

CITY KENSSETT, ARKANSAS
 OTHER INFORMATION
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
 (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 agency fund is as follows:

	December 31, 2017
District Court Fund	\$ 22,641

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

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

	December 31, 2017
Land	\$ 26,124
Buildings	345,175
Equipment	1,042,188
Total	\$ 1,413,487

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

	December 31, 2017
Notes payable	\$ 47,899