

City of Ashdown, Arkansas

Financial and Compliance Report

December 31, 2023 and 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF ASHDOWN, ARKANSAS
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FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Ashdown, 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 Ashdown, Arkansas, as of and for the years ended December 31, 2023 and 2022, and have issued our report thereon dated September 11, 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 finding contained in this section relates to the following officials who held office during 2023 and 2022:

Mayor: Trey Cobb (elected January 1, 2023)
James Sutton (term expired December 31, 2022)
Recorder/Treasurer: Kirk Mounts
District Court Clerk: Kristi Lewis
Police Chief: Boyd Kennemore
Park Director: Bradley Day

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 **Mayor**.

Mayor

In 2022, General Fund disbursements exceeded total appropriations by \$545,497 (22%), in noncompliance with Ark. Code Ann. § 14-58-203.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local 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".

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
September 11, 2024
LOM100323

CITY OF ASHDOWN, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds	Firemen's Pension and Relief Trust Funds
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Cash and Investment Balance, January 1, 2023	1,510,039	974,398	629,607
Receipts:			
State aid	141,658	459,443	3,974
Federal aid	80,876	8,775	
Property taxes		75,849	
Franchise fees	254,013		
Sales taxes	1,840,345	1,129,331	
Fines, forfeitures, and costs	300,721	75,061	
Interest	5,963	2,542	20,652
Local permits and fees	8,581	56,794	
Sanitation fees		693,314	
Contributions from water department	217,500	12,500	
Donations	122,220		
Net increase/(decrease) in fair value of investments			58,326
Other	98,299	5,985	
Transfers in		602,210	
Total Receipts	<u>3,070,176</u>	<u>3,121,804</u>	<u>82,952</u>
Disbursements:			
General government	417,125		
Law enforcement	1,334,010	485,141	
Highways and streets	361,170	687,097	
Public safety	190,576	36,632	66,702
Sanitation		724,901	
Recreation and culture	343,730		
Debt service	2,799	174,232	
Transfers out	225,000	377,210	
Contributions to water and sewer		752,161	
Total Disbursements	<u>2,874,410</u>	<u>3,237,374</u>	<u>66,702</u>
Cash and Investment Balance, December 31, 2023	<u>\$ 1,705,805</u>	<u>\$ 858,828</u>	<u>\$ 645,857</u>

CITY OF ASHDOWN, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule 2

	<u>Street</u>	<u>Sales Tax Surplus</u>	<u>Sanitation</u>	<u>District Court Automation</u>	<u>District Court Cost</u>	<u>Prisoner Fee</u>
Cash and Investment Balance, January 1, 2023	\$ 23,871	\$ 444,546	\$ 337,490	\$ 105,399	\$ 1,527	\$ 46,358
Receipts:						
State aid	359,443	100,000				
Federal aid						
Property taxes	75,849					
Sales taxes						
Fines, forfeitures, and costs				10,988	1,867	46,487
Interest	107	1,102	840	49	1	128
Local permits and fees			56,794			
Sanitation fees			693,314			
Contributions from water department	12,500					
Other	2,115		3,870			
Transfers in	225,000	377,210				
Total Receipts	<u>675,014</u>	<u>478,312</u>	<u>754,818</u>	<u>11,037</u>	<u>1,868</u>	<u>46,615</u>
Disbursements:						
Law enforcement		412,043		21,826		39,499
Highways and streets	678,322					
Public safety		36,632				
Sanitation			724,901			
Debt service	12,422	95,052	66,758			
Transfers out						
Contributions to water and sewer						
Total Disbursements	<u>690,744</u>	<u>543,727</u>	<u>791,659</u>	<u>21,826</u>		<u>39,499</u>
Cash and Investment Balance, December 31, 2023	<u>\$ 8,141</u>	<u>\$ 379,131</u>	<u>\$ 300,649</u>	<u>\$ 94,610</u>	<u>\$ 3,395</u>	<u>\$ 53,474</u>

CITY OF ASHDOWN, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule 2

	Ordinance no. 691 (September 7, 1999) Sales Tax	Police Court Fines	Hagan Road Drainage Project	Total
Cash and Investment Balance, January 1, 2023	\$ 76	\$ 15,131		\$ 974,398
Receipts:				
State aid				459,443
Federal aid			\$ 8,775	8,775
Property taxes				75,849
Sales taxes	1,129,331			1,129,331
Fines, forfeitures, and costs		15,719		75,061
Interest	24	291		2,542
Local permits and fees				56,794
Sanitation fees				693,314
Contributions from water department				12,500
Other				5,985
Transfers in				602,210
Total Receipts	<u>1,129,355</u>	<u>16,010</u>	<u>8,775</u>	<u>3,121,804</u>
Disbursements:				
Law enforcement		11,773		485,141
Highways and streets			8,775	687,097
Public safety				36,632
Sanitation				724,901
Debt service				174,232
Transfers out	377,210			377,210
Contributions to water and sewer	752,161			752,161
Total Disbursements	<u>1,129,371</u>	<u>11,773</u>	<u>8,775</u>	<u>3,237,374</u>
Cash and Investment Balance, December 31, 2023	<u>\$ 60</u>	<u>\$ 19,368</u>	<u>\$ 0</u>	<u>\$ 858,828</u>

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

Schedule 3

	General Fund	Special Revenue Funds	Firemen's Pension and Relief Trust Funds
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Cash and Investment Balance, January 1, 2022	897,595	896,204	800,464
Receipts:			
State aid	409,380	367,880	3,877
Federal aid	62,472	455,795	
Property taxes		71,791	
Franchise fees	229,410		
Sales taxes	1,760,807	1,087,398	
Fines, forfeitures, and costs	254,667	65,298	
Interest	2,432	2,341	24,447
Local permits and fees	8,082	56,872	
Sanitation fees		685,350	
Contributions from water department	80,000		
Donations	141,946		
Net increase/(decrease) in fair value of investments			(130,552)
Other	190,247	23,142	
Transfers in	621,555	538,191	
Total Receipts	<u>3,760,998</u>	<u>3,354,058</u>	<u>(102,228)</u>
Disbursements:			
General government	420,669		
Law enforcement	1,282,932	144,843	
Highways and streets	590,136	593,868	
Public safety	195,083	31,687	68,629
Sanitation		695,685	
Recreation and culture	480,537		
Debt service	4,197	100,828	
Transfers out	175,000	984,746	
Contributions to water and sewer		724,207	
Total Disbursements	<u>3,148,554</u>	<u>3,275,864</u>	<u>68,629</u>
Cash and Investment Balance, December 31, 2022	<u>\$ 1,510,039</u>	<u>\$ 974,398</u>	<u>\$ 629,607</u>

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

Schedule 4

	Street	Sales Tax Surplus	Sanitation	District Court Automation	District Court Cost	Prisoner Fee
Cash and Investment Balance, January 1, 2022	\$ 15,458	\$ 239,914	\$ 333,887	\$ 107,072	\$ 2,359	\$ 28,384
Receipts:						
State aid	367,880					
Federal aid						
Property taxes	71,791					
Sales taxes						
Fines, forfeitures, and costs				9,510	1,867	42,488
Interest	84	825	863	73	1	91
Local permits and fees			56,872			
Sanitation fees			685,350			
Other	65		23,077			
Transfers in	175,000	363,191				
Total Receipts	<u>614,820</u>	<u>364,016</u>	<u>766,162</u>	<u>9,583</u>	<u>1,868</u>	<u>42,579</u>
Disbursements:						
Law enforcement		106,282		11,256	2,700	24,605
Highways and streets	593,868					
Public safety		31,687				
Sanitation			695,685			
Debt service	12,539	21,415	66,874			
Transfers out						
Contributions to water and sewer						
Total Disbursements	<u>606,407</u>	<u>159,384</u>	<u>762,559</u>	<u>11,256</u>	<u>2,700</u>	<u>24,605</u>
Cash and Investment Balance, December 31, 2022	<u>\$ 23,871</u>	<u>\$ 444,546</u>	<u>\$ 337,490</u>	<u>\$ 105,399</u>	<u>\$ 1,527</u>	<u>\$ 46,358</u>

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

Schedule 4

	Ordinance no. 691 (September 7, 1999) Sales Tax	American Rescue Plan Act	Police Court Fines	Total
Cash and Investment Balance, January 1, 2022	\$ 57	\$ 165,582	\$ 3,491	\$ 896,204
Receipts:				
State aid				367,880
Federal aid		455,795		455,795
Property taxes				71,791
Sales taxes	1,087,398			1,087,398
Fines, forfeitures, and costs			11,433	65,298
Interest	19	178	207	2,341
Local permits and fees				56,872
Sanitation fees				685,350
Other				23,142
Transfers in				538,191
Total Receipts	<u>1,087,417</u>	<u>455,973</u>	<u>11,640</u>	<u>3,354,058</u>
Disbursements:				
Law enforcement				144,843
Highways and streets				593,868
Public safety				31,687
Sanitation				695,685
Debt service				100,828
Transfers out	363,191	621,555		984,746
Contributions to water and sewer	724,207			724,207
Total Disbursements	<u>1,087,398</u>	<u>621,555</u>		<u>3,275,864</u>
Cash and Investment Balance, December 31, 2022	<u>\$ 76</u>	<u>\$ 0</u>	<u>\$ 15,131</u>	<u>\$ 974,398</u>

CITY OF ASHDOWN, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(UNAUDITED)

Schedule 5

1. Cash and investment balances on the Financial Schedules include demand and savings accounts and mutual funds.
2. The General Fund column on the Financial Schedules includes the following bank accounts:
General, Sales Tax, Street Maintenance, Library Building, and Equipment Savings
3. Cash balances at year-end in the custodial funds are as follows:

	December 31, 2023	December 31, 2022
Police Bond and Fine		\$ 230
District Court - City Division	\$ 38,663	51,063
District Court - County Division	26,359	17,006
District Court - Foreman	6,980	1,730

These balances represent 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, 2023	December 31, 2022
Land	\$ 191,300	\$ 191,300
Buildings	1,141,592	1,141,592
Improvements	1,379,433	1,395,493
Equipment	4,175,832	3,716,856
Construction in progress	65,654	61,401
Totals	\$ 6,953,811	\$ 6,506,642

CITY OF ASHDOWN, ARKANSAS
 OTHER INFORMATION
 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (UNAUDITED)

Schedule 5

5. Outstanding balances at year-end for long-term liabilities are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financed purchases	<u>\$ 367,801</u>	<u>\$ 337,843</u>

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

	<u>December 31, 2022</u>
American Rescue Plan Act (ARPA)	<u>\$ 455,795</u>