

City of Earle, Arkansas

Financial and Compliance Report

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



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

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Arkansas

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Earle, 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 Earle, Arkansas, as of and for the year ended December 31, 2022, and have issued our report thereon dated January 29, 2024. These procedures were not performed for the Water and Sewer 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: Sherman Smith
Clerk/Treasurer: Cynthia Conner
District Court Clerk: Nanette Nauden
Police Chief: Terry Aikens (resigned February 14, 2022); Jonathan Parks (appointed April 12, 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 offices of **Mayor, Recorder/Treasurer,** and **District Court Clerk.**

Mayor and Recorder/Treasurer

A review of City permits revealed that \$1,182 in permits issued for the period January 1, 2021, through September 7, 2023, could not be traced to a Treasurer's receipt to be deposited. In addition, numerous permits were missing from the permit books; therefore, we were unable to determine if the fees associated with these permits were receipted and deposited. This issue is currently being investigated by the Crittenden County Sheriff's Office.

District Court Clerk

Balance remaining in the District Court account was not identified with cases not yet adjudicated, in noncompliance with Ark. Code Ann. § 16-10-209.

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

A handwritten signature in cursive script that reads "Roger A. Norman".

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

Little Rock, Arkansas
January 29, 2024
LOM102922

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

Schedule 1

	General Fund	Special Revenue Funds	Pension Trust Fund (Firemen's Pension)
Cash and Investments Balances, January 1, 2022	\$ 727,385	\$ 484,949	\$ 257,532
Receipts:			
State aid	43,463	176,175	2,585
Federal aid		275,722	
Property taxes	26,892	2,667	
Franchise fees	69,978		
Sales taxes	477,677		
Fines, forfeitures, and costs	29,049	350	
Interest	1,829	50	6,354
Local permits and fees	22,726		
Sanitation fees	162,475		
Realized gain on sale of investments			6,192
Other	63,856	185	
Transfers in		9,500	
Total Receipts	<u>897,945</u>	<u>464,649</u>	<u>15,131</u>
Disbursements:			
General government	433,968		
Law enforcement	135,494	185,864	
Highways and streets		142,773	
Public safety	27,044	4,594	27,161
Sanitation	139,227		
Health	6,526		
Recreation and culture	11,918		
Debt service	61,244	18,151	
Transfers out	9,500		
Total Disbursements	<u>824,921</u>	<u>351,382</u>	<u>27,161</u>
Cash and Investments Balances, December 31, 2022	<u>\$ 800,409</u>	<u>\$ 598,216</u>	<u>\$ 245,502</u>

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

Schedule 2

	Street	Fire Equipment and Training	Court Automation	Local Police and Fire Retirement Cost	American Rescue Plan Act	Parks and Recreation Grant	Earle Community Center Roof Renovation	USDA Facility Grant	Total
Cash Balance, January 1, 2022	\$ 189,130	\$ 12,007	\$ 1,560	\$ 14,999	\$ 225,725	\$ 875	\$ 20,000	\$ 20,653	\$ 484,949
Receipts:									
State aid	158,083	18,092							176,175
Federal aid					225,722			50,000	275,722
Property taxes	2,667								2,667
Fines, forfeitures, and costs			350						350
Interest				50					50
Other	185								185
Transfers in								9,500	9,500
Total Receipts	<u>160,935</u>	<u>18,092</u>	<u>350</u>	<u>50</u>	<u>225,722</u>			<u>59,500</u>	<u>464,649</u>
Disbursements:									
Law enforcement				1,377	105,138			79,349	185,864
Highways and streets	142,773								142,773
Public safety		4,594							4,594
Debt service	18,151								18,151
Total Disbursements	<u>160,924</u>	<u>4,594</u>		<u>1,377</u>	<u>105,138</u>			<u>79,349</u>	<u>351,382</u>
Cash Balance, December 31, 2022	<u>\$ 189,141</u>	<u>\$ 25,505</u>	<u>\$ 1,910</u>	<u>\$ 13,672</u>	<u>\$ 346,309</u>	<u>\$ 875</u>	<u>\$ 20,000</u>	<u>\$ 804</u>	<u>\$ 598,216</u>

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

Schedule 3

1. Cash balances on the Financial Schedules include demand and savings accounts, certificates of deposit, and mutual funds. Investments are recorded at cost.

2. The General Fund column on the Financial Schedules includes the following bank accounts:
General, General Retirement Liability, Yard Waste, Demolition & Drainage, Sanitation, Police Fundraiser, Balloon Note, Prosecuting Attorney Asset Holding

3. Cash balances at year-end in the custodial funds are as follows:

	December 31, 2022
District Court	\$ 11,531
Payroll	10,535

These balances represent fines, forfeitures, and costs and payroll taxes that have not been transferred to the appropriate entities.

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

	December 31, 2022
Land	\$ 107,521
Buildings	751,578
Equipment	1,402,992
Total	<u>\$ 2,262,091</u>

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

	December 31, 2022
Financed purchases	<u>\$ 289,541</u>

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

	December 31, 2022
American Rescue Plan Act (ARPA)	<u>\$ 225,722</u>