

**City of Adona, Arkansas**

**Financial and Compliance Report**

**December 31, 2023 and 2022**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF ADONA, ARKANSAS  
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# Arkansas



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Senate Chair  
**Sen. John Payton**  
Senate Vice Chair

**Rep. Jimmy Gazaway**  
House Chair  
**Rep. Richard Womack**  
House Vice Chair

**Kevin William White, CPA, JD**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Financial and Compliance Report

City of Adona, 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 Adona, Arkansas, as of and for the years ended December 31, 2023 and 2022, and have issued our report thereon dated May 8, 2024. 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 2023 and 2022:

Mayor: Mark Cossey (January 1, 2023 – December 31, 2023)  
Dean McKendree (January 1, 2022 – December 31, 2022)  
Recorder/Treasurer: Carolyn McCallister

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** and **Recorder/Treasurer**.

#### Mayor

The General and Street Fund expenditures exceeded budgeted appropriations by \$7,099 (36%) and \$17,235 (479%), respectively for 2023, and by \$18,331 (78%) and \$18,600 (517%), respectively for 2022, in noncompliance with Ark. Code Ann. § 14-58-203. A similar finding was noted in the previous report.

#### Recorder/Treasurer

1. Adequate supporting documentation was not maintained for all disbursements, as required by Ark. Code Ann. § 14-59-105. A similar finding was noted in the previous two reports.
2. Bank accounts were not reconciled on a monthly basis, as required by Ark. Code Ann. § 14-59-108. A similar finding was noted in the previous two reports.
3. Cash receipts and disbursements journals were not properly posted to include all items of income and disbursements, as required by Ark. Code Ann. §§ 14-59-110 – 14-59-111. A similar finding was noted in the previous two reports.
4. A fixed asset listing was established, but records were not updated, as required by Ark. Code Ann. § 14-59-107. In addition, the City has not adopted a fixed assets policy. A similar finding was noted in the previous report.
5. The annual financial statements were not published or posted, as required by Ark. Code Ann. § 14-59-116.

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 black ink, appearing to read "Kevin White".

Kevin William White, CPA, JD  
Legislative Auditor

Little Rock, Arkansas  
May 8, 2024  
LOM200123

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

Schedule 1

	General Fund	Special Revenue Funds
	<u>          </u>	<u>          </u>
Cash Balance, January 1, 2023	\$ 3,975	\$ 99,912
Receipts:		
State aid	2,264	21,916
Property taxes	2,863	902
Franchise fees	7,426	
Sales taxes	13,693	
Local permits and fees		195
Other		450
Total Receipts	<u>26,246</u>	<u>23,463</u>
Disbursements:		
General government	26,731	8,822
Highways and streets		31,115
Public safety		23,844
Recreation and culture		198
Total Disbursements	<u>26,731</u>	<u>63,979</u>
Cash Balance, December 31, 2023	<u>\$ 3,490</u>	<u>\$ 59,396</u>

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

Schedule 2

	Street	Fire	Park	Fire Billing	American Rescue Plan Fund	Total
Cash Balance, January 1, 2023	\$ 46,376	\$ 9,152	\$ 723	\$ 981	\$ 42,680	\$ 99,912
Receipts:						
State aid	12,569	9,347				21,916
Property taxes	902					902
Local permits and fees		195				195
Other	300	150				450
Total Receipts	<u>13,771</u>	<u>9,692</u>				<u>23,463</u>
Disbursements:						
General government					8,822	8,822
Highways and streets	20,835				10,280	31,115
Public safety		5,750			18,094	23,844
Recreation and culture			198			198
Total Disbursements	<u>20,835</u>	<u>5,750</u>	<u>198</u>		<u>37,196</u>	<u>63,979</u>
Cash Balance, December 31, 2023	<u>\$ 39,312</u>	<u>\$ 13,094</u>	<u>\$ 525</u>	<u>\$ 981</u>	<u>\$ 5,484</u>	<u>\$ 59,396</u>

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

Schedule 3

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2022	\$ 11,221	\$ 93,727
Receipts:		
State aid	2,223	21,362
Federal aid		21,340
Property taxes	3,017	1,010
Franchise fees	7,705	
Sales taxes	13,312	
Local permits and fees		250
Other	8,480	1,607
Total Receipts	34,737	45,569
Disbursements:		
General government	41,983	
Highways and streets		22,200
Public safety		17,102
Recreation and culture		82
Total Disbursements	41,983	39,384
Cash Balance, December 31, 2022	\$ 3,975	\$ 99,912

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

Schedule 4

	Street	Fire	Park	Fire Billing	American Rescue Plan Fund	Total
Cash Balance, January 1, 2022	\$ 53,576	\$ 17,025	\$ 805	\$ 981	\$ 21,340	\$ 93,727
Receipts:						
State aid	12,864	8,498				21,362
Federal aid					21,340	21,340
Property taxes	1,010					1,010
Local permits and fees		250				250
Other	1,126	481				1,607
Total Receipts	<u>15,000</u>	<u>9,229</u>			<u>21,340</u>	<u>45,569</u>
Disbursements:						
Highways and streets	22,200					22,200
Public safety		17,102				17,102
Recreation and culture			82			82
Total Disbursements	<u>22,200</u>	<u>17,102</u>	<u>82</u>			<u>39,384</u>
Cash Balance, December 31, 2022	<u>\$ 46,376</u>	<u>\$ 9,152</u>	<u>\$ 723</u>	<u>\$ 981</u>	<u>\$ 42,680</u>	<u>\$ 99,912</u>

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

Schedule 5

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

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

	December 31, 2023	December 31, 2022
Land	\$ 4,431	\$ 4,431
Buildings	54,527	54,527
Equipment	81,034	81,034
Totals	\$ 139,992	\$ 139,992

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

	December 31, 2022
American Rescue Plan Act (ARPA)	\$ 21,340