

**City of Ash Flat, Arkansas**

**Financial and Compliance Report**

**December 31, 2021 and 2020**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF ASH FLAT, ARKANSAS  
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FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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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 Ash Flat, 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 Ash Flat, Arkansas, as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated September 26, 2022. 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 commentary contained in this section relates to the following officials who held office during 2021 and 2020:

Mayor: Larry Fowler  
Recorder/Treasurer: Charlotte Goodwin  
Police Chief: Steven Powell

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.

During our evaluation, nothing came to our attention that would warrant disclosure in this 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

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

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

Little Rock, Arkansas  
September 26, 2022  
LOM200621

CITY OF ASH FLAT, ARKANSAS  
SCHEDULE OF FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2021	\$ 431,057	\$ 121,804
Receipts:		
State aid	17,760	108,953
Federal aid	1,000	116,909
Property taxes	32,318	14,371
Franchise fees	78,015	
Sales taxes	1,733,441	
Fines, forfeitures, and costs	48,009	
Interest	359	83
Local permits and fees	11,389	
Donations		16,785
Other	14,803	4,236
Transfers in		85,318
Total Receipts	<u>1,937,094</u>	<u>346,655</u>
Disbursements:		
General government	389,394	8,454
Law enforcement	456,759	10,155
Highways and streets	39,288	145,944
Public safety	260,497	15,237
Recreation and culture	103,782	3,528
Cemetery		13,543
Contribution to water and sewer department	40,033	6,112
Debt service	127,000	
Transfers out	85,318	
Sales tax collected and remitted to Ozark College	426,328	
Total Disbursements	<u>1,928,399</u>	<u>202,973</u>
Cash Balance, December 31, 2021	<u>\$ 439,752</u>	<u>\$ 265,486</u>

CITY OF ASH FLAT, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 (UNAUDITED)

Schedule 2

	Street	Fire Protection and Training	Veteran's Memorial	Cemetery	Arkansas Economic Development Commission (AEDC)	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 34,915	\$ 13,726	\$ 3,801	\$ 69,361	\$ 1		\$ 121,804
Receipts:							
State aid	90,292	18,661					108,953
Federal aid						\$ 116,909	116,909
Property taxes	14,371						14,371
Interest	22			27		34	83
Donations				16,785			16,785
Other	2,335		1,001	900			4,236
Transfers in	85,318						85,318
Total Receipts	<u>192,338</u>	<u>18,661</u>	<u>1,001</u>	<u>17,712</u>		<u>116,943</u>	<u>346,655</u>
Disbursements:							
General government						8,454	8,454
Law enforcement						10,155	10,155
Highways and streets	143,829					2,115	145,944
Public safety		9,049				6,188	15,237
Recreation and culture			325			3,203	3,528
Cemetery				13,543			13,543
Contribution to water and sewer department						6,112	6,112
Total Disbursements	<u>143,829</u>	<u>9,049</u>	<u>325</u>	<u>13,543</u>		<u>36,227</u>	<u>202,973</u>
Cash Balance, December 31, 2021	<u>\$ 83,424</u>	<u>\$ 23,338</u>	<u>\$ 4,477</u>	<u>\$ 73,530</u>	<u>\$ 1</u>	<u>\$ 80,716</u>	<u>\$ 265,486</u>

CITY OF ASH FLAT, ARKANSAS  
SCHEDULE OF FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

Schedule 3

	General Fund	Special Revenue Funds	Capital Projects Fund (Fire Department Construction Fund)
Cash Balance, January 1, 2020	\$ 173,128	\$ 82,749	\$ 5,958
Receipts:			
State aid	16,054	98,645	
Federal aid	43,866		
Property taxes	30,135	13,551	
Franchise fees	70,980		
Sales taxes	1,554,399		
Fines, forfeitures, and costs	26,318		
Interest	264	50	1
Local permits and fees	11,339		
Donations		15,220	
Sale of equipment	21,554		
Other	21,401	7,394	
Transfers in	5,959		
Total Receipts	<u>1,802,269</u>	<u>134,860</u>	<u>1</u>
Disbursements:			
General government	378,119		
Law enforcement	293,187		
Highways and streets	32,251	55,796	
Public safety	254,203	5,363	
Recreation and culture	82,260	4,764	
Cemetery		14,544	
Debt service	120,868	15,338	
Transfers out			5,959
Sales tax collected and remitted to Ozark College	383,452		
Total Disbursements	<u>1,544,340</u>	<u>95,805</u>	<u>5,959</u>
Cash Balance, December 31, 2020	<u>\$ 431,057</u>	<u>\$ 121,804</u>	<u>\$ 0</u>

CITY OF ASH FLAT, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2020  
 (UNAUDITED)

Schedule 4

	Street	Fire Protection and Training	Veteran's Memorial	Cemetery	Arkansas Economic Development Commission (AEDC)	Total
Cash Balance, January 1, 2020	\$ 10,559	\$ 2,125	\$ 7,070	\$ 62,994	\$ 1	\$ 82,749
Receipts:						
State aid	81,681	16,964				98,645
Property taxes	13,551					13,551
Interest	8		1	41		50
Donations				15,220		15,220
Other	250		1,494	5,650		7,394
Total Receipts	<u>95,490</u>	<u>16,964</u>	<u>1,495</u>	<u>20,911</u>		<u>134,860</u>
Disbursements:						
Highways and streets	55,796					55,796
Public safety		5,363				5,363
Recreation and culture			4,764			4,764
Cemetery				14,544		14,544
Debt service	15,338					15,338
Total Disbursements	<u>71,134</u>	<u>5,363</u>	<u>4,764</u>	<u>14,544</u>		<u>95,805</u>
Cash Balance, December 31, 2020	<u>\$ 34,915</u>	<u>\$ 13,726</u>	<u>\$ 3,801</u>	<u>\$ 69,361</u>	<u>\$ 1</u>	<u>\$ 121,804</u>

CITY OF ASH FLAT, ARKANSAS  
OTHER INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(UNAUDITED)

Schedule 5

1. Cash balances on the Financial Schedules include demand and savings accounts.
2. The General Fund column on the Financial Schedules includes the following bank accounts:  
General Fund, Special Savings, Police Department Special Savings, Fire Department Special Savings, Library Savings, and Fire Station Bond Debt Reserve

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

	December 31, 2021	December 31, 2020
LOPFI Fund	\$ 29	\$ 1,723

These balances represent payroll expenditures that have not been transferred to the appropriate entities.

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

	December 31, 2021	December 31, 2020
Land	\$ 701,150	\$ 701,150
Buildings	1,266,896	1,266,896
Improvements	372,918	372,918
Equipment	1,225,463	1,177,246
Totals	<u>\$ 3,566,427</u>	<u>\$ 3,518,210</u>

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

	December 31, 2021	December 31, 2020
Notes payable	\$ 202,288	\$ 251,030
Bonds payable	496,560	552,814
Totals	<u>\$ 698,848</u>	<u>\$ 803,844</u>

CITY OF ASH FLAT, ARKANSAS  
OTHER INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(UNAUDITED)

Schedule 5

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

	December 31, 2021	December 31, 2020
Promissory note dated September 1, 2020, with FNBC Bank in the amount of \$251,030, with an interest rate of 2.5% for the purchase of 5.9 acres. Annual payments of \$54,089 for five years. Payments are to be made from the General Fund.	\$ 202,288	\$ 251,030
Franchise Fee Revenue Bonds, Series 2016, dated January 19, 2016, with FNBC Bank in the amount of \$779,612, with an interest rate of 2.951%, due in monthly installments of \$5,358 through January 10, 2031. Payments are to be made from the General Fund.	496,560	552,814
Total	<u>\$ 698,848</u>	<u>\$ 803,844</u>

6. The City is obligated for the following amounts at December 31, 2021:

Years Ending December 31,	Notes	Bonds	Total
2022	\$ 54,089	\$ 64,300	\$ 118,389
2023	54,089	64,300	118,389
2024	54,089	64,300	118,389
2025	53,073	64,300	117,373
2026		64,300	64,300
2027 through 2030		247,370	247,370
Total Obligations	215,340	568,870	784,210
Less Interest	13,052	72,310	85,362
Total Principal	<u>\$ 202,288</u>	<u>\$ 496,560</u>	<u>\$ 698,848</u>

CITY OF ASH FLAT, ARKANSAS  
OTHER INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020  
(UNAUDITED)

Schedule 5

6. The City is obligated for the following amounts at December 31, 2020:

Years Ending December 31,	Notes	Bonds	Total
2021	\$ 54,089	\$ 64,300	\$ 118,389
2022	54,089	64,300	118,389
2023	54,089	64,300	118,389
2024	54,089	64,300	118,389
2025	54,089	64,300	118,389
2026 through 2030		319,503	319,503
Total Obligations	270,445	641,003	911,448
Less Interest	19,415	88,189	107,604
Total Principal	<u>\$ 251,030</u>	<u>\$ 552,814</u>	<u>\$ 803,844</u>

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

	December 31, 2021	December 31, 2020
Coronavirus Aid, Relief and Economic Security Act (CARES)		\$ 42,866
American Rescue Plan Act (ARPA)	\$ 116,909	
Totals	<u>\$ 116,909</u>	<u>\$ 42,866</u>