

**City of Kensett, Arkansas**

**Financial and Compliance Report**

**December 31, 2021**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF KENSETT, ARKANSAS  
TABLE OF CONTENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

Financial and Compliance Report

	<u>Schedule</u>
Schedule of Financial Information (Unaudited)	1
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	2
Other Information (Unaudited)	3



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**Sen. John Payton**  
Senate Vice Chair

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House Chair  
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House Vice Chair

**Roger A. Norman, JD, CPA, CFE, CFF**  
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, 2021, and have issued our report thereon dated May 10, 2023. 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 2021:

Mayor: Allen Edge  
Recorder/Treasurer: Julie Whitney  
District Court Clerk: Kallie Jackson (appointed July 15, 2021)  
Christina Alberson (resigned July 15, 2021)  
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.

During our evaluation, noncompliance with state law and accepted accounting practices was noted in the offices of **Mayor, Recorder/Treasurer, District Court Clerk, and Police Chief.**

#### **Recorder/Treasurer / Police Chief**

A review of the Police Chief's payroll records revealed that his time sheets were not approved, and he received overpayments totaling \$5,624, \$35,711, and \$25,441 in 2023, 2022, and 2021, respectively, due to the following:

- Salary payments that exceeded budgeted amounts.
- Vacation leave without a policy.
- Excess holiday compensation, in noncompliance with Ark. Code Ann. § 14-52-105.

It should be noted that the Police Chief was compensated at "time and a half" for overtime hours paid within the pay period worked and at the regular hourly rate for accumulated compensatory time paid at a later date upon his request, with the exception of 30 hours paid at the regular hourly rate on February 16, 2023.

In addition, the Police Chief was paid for 524 and 271 hours of unused compensatory time in 2022 and 2021, respectively, in excess of available balances and without an authorizing policy.

#### **Police Chief**

Accounting records for the Police Drug-Buy Fund, maintained as a "cash" fund, indicated \$1,000, \$3,300, and \$3,000 received and disbursed for drug buys in 2023, 2022, and 2021, respectively; however, a review of the Arkansas Drug Director's Asset Seizure Tracking System indicated no confiscation reports were filed by the Police Department for these years, as required by Ark. Code Ann § 5-64-505. The Police Chief is custodian of these funds.

The Police Department (Department) discovered seized currency of \$6,723 missing from the Department evidence room on September 29, 2020. After conducting an investigation, Arkansas State Police were unable to determine the individual(s) responsible for the missing cash and requested that the Department conduct an internal audit of the evidence room. The subsequent report, issued by the Department in November 2020, revealed six seized firearms were also missing.

**Mayor**

The governing body did not review the prior year report at the first regularly scheduled meeting following receipt of the report, as required by Ark. Code Ann. § 10-4-418.

The budget was not adopted by ordinance or resolution, as required by Ark. Code Ann. § 14-58-202.

**Recorder/Treasurer:**

We noted the following payroll discrepancies in the offices of City Clerk and District Court Clerk:

- Actual salaries paid exceeded amounts budgeted by \$3,409 for two individuals who served as District Court Clerk and by \$5,142 for three individuals who served as City Clerk.
- The District Court Clerk was paid \$1,510 for unused vacation leave without an authorizing policy.
- Documentation of approved compensatory time totaling \$637 was not maintained for the District Court Clerk and City Clerk.

**District Court Clerk**

The ending bank balance was not identified with receipt numbers for cases not yet adjudicated and payments made on all unpaid individual time accounts, as required by 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



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

Little Rock, Arkansas  
May 10, 2023  
LOM209921

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

Schedule 1

	General Fund	Special Revenue Funds
	<u>          </u>	<u>          </u>
Cash Balance, January 1, 2021	\$ 348,048	\$ 522,654
Receipts:		
State aid	26,096	145,645
Federal aid	438	169,619
Property taxes	20,500	7,972
Franchise fees	55,639	
Sales taxes	284,309	
Fines, forfeitures, and costs	49,320	56,691
Interest	3,263	3,505
Local permits and fees	22,480	
Contributions from county		112,971
Sanitation fees		112,969
Other	2,155	12,578
Transfers in		1,765
Total Receipts	<u>464,200</u>	<u>623,715</u>
Disbursements:		
General government	150,451	3,382
Law enforcement	340,547	124,496
Highways and streets	2,539	198,626
Public safety	2,245	73,291
Sanitation	17	154,244
Wastewater	368	22,974
Debt service		10,903
Transfers out	231	1,534
Total Disbursements	<u>496,398</u>	<u>589,450</u>
Cash Balance, December 31, 2021	<u>\$ 315,850</u>	<u>\$ 556,919</u>

CITY OF KENSETT, ARKANSAS  
 COMBINING SCHEDULES OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 (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	New Fire Station
Cash Balance, January 1, 2021	\$ 173,808	\$ 157,556	\$ 14,853	\$ 665	\$ 225	\$ 32,520	\$ 19,158	\$ 2,927
Receipts:								
State aid	130,863					14,782		
Federal aid				2,550				
Property taxes	6,563							
Fines, forfeitures, and costs			7,072	49,619				
Interest	1,488	705	79	37			148	
Contributions from county							11,092	
Sanitation fees		112,969						
Other	993	17		11,541				
Transfers in	148	83						
Total Receipts	<u>140,055</u>	<u>113,774</u>	<u>7,151</u>	<u>63,747</u>		<u>14,782</u>	<u>11,240</u>	
Disbursements:								
General government								
Law enforcement			6,726	48,990				
Highways and streets	187,553							
Public safety							181	
Sanitation		132,343						
Wastewater								
Debt service				10,903				
Transfers out	488	432		390	224			
Total Disbursements	<u>188,041</u>	<u>132,775</u>	<u>6,726</u>	<u>60,283</u>	<u>224</u>		<u>181</u>	
Cash Balance, December 31, 2021	<u>\$ 125,822</u>	<u>\$ 138,555</u>	<u>\$ 15,278</u>	<u>\$ 4,129</u>	<u>\$ 1</u>	<u>\$ 47,302</u>	<u>\$ 30,217</u>	<u>\$ 2,927</u>

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

Schedule 2

	.25% Fire Protection Sales Tax	Street Capital Expenditures	Sanitation Capital Expenditures	Police Capital Expenditures	Police Seized Drug Fund	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 92,449	\$ 13,352	\$ 14,102	\$ 608	\$ 431		\$ 522,654
Receipts:							
State aid							145,645
Federal aid						\$ 167,069	169,619
Property taxes	1,409						7,972
Fines, forfeitures, and costs							56,691
Interest	897	67	71	4		9	3,505
Contributions from county	101,879						112,971
Sanitation fees							112,969
Other	17				10		12,578
Transfers in		488	432	390	224		1,765
Total Receipts	<u>104,202</u>	<u>555</u>	<u>503</u>	<u>394</u>	<u>234</u>	<u>167,078</u>	<u>623,715</u>
Disbursements:							
General government						3,382	3,382
Law enforcement					71	68,709	124,496
Highways and streets						11,073	198,626
Public safety	73,110						73,291
Sanitation						21,901	154,244
Wastewater						22,974	22,974
Debt service							10,903
Transfers out							1,534
Total Disbursements	<u>73,110</u>				<u>71</u>	<u>128,039</u>	<u>589,450</u>
Cash Balance, December 31, 2021	<u>\$ 123,541</u>	<u>\$ 13,907</u>	<u>\$ 14,605</u>	<u>\$ 1,002</u>	<u>\$ 594</u>	<u>\$ 39,039</u>	<u>\$ 556,919</u>

CITY OF KENSETT, ARKANSAS  
OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(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 custodial fund is as follows:

	December 31, 2021
	<hr/>
District Court	\$ 17,039

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, 2021
	<hr/>
Land	\$ 26,124
Buildings	346,910
Equipment	<hr/> 1,137,572
Total	<hr/> <hr/> \$ 1,510,606

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

	December 31, 2021
	<hr/>
Notes payable	<hr/> \$ 52,249

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

	December 31, 2021
	<hr/>
American Rescue Plan Act (ARPA)	<hr/> \$ 167,069