

City of Kensett, Arkansas

Financial and Compliance Report

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF KENSETT, 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 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, 2022, and have issued our report thereon dated November 28, 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 2022:

Mayor: Allen Edge
Recorder/Treasurer: Julie Whitney
District Court Clerk: Kallie Jackson
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.

Noncompliance with state law and accepted accounting practices was noted in the offices of **Recorder/Treasurer** and **District Court Clerk**.

Recorder Treasurer

Cash receipts journals were not properly posted, in noncompliance with Ark. Code Ann. § 14-59-110.

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. A similar finding was noted in the previous 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
November 28, 2023
LOM209922

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

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2022	\$ 315,850	\$ 556,919
Receipts:		
State aid	37,039	159,951
Federal aid		323,147
Property taxes	22,120	6,853
Franchise fees	60,229	
Sales taxes	267,975	
Fines, forfeitures, and costs	31,839	49,234
Interest	1,005	3,190
Local permits and fees	4,745	
Contributions from county		121,701
Sanitation fees		106,768
Other	30,313	3,173
Total Receipts	<u>455,265</u>	<u>774,017</u>
Disbursements:		
General government	117,206	6,162
Law enforcement	418,245	50,382
Highways and streets	50	158,858
Public safety	3,280	83,767
Sanitation	26	133,555
Wastewater		155,642
Debt service	575	17,569
Contribution to water department	485	
Total Disbursements	<u>539,867</u>	<u>605,935</u>
Cash Balance, December 31, 2022	<u>\$ 231,248</u>	<u>\$ 725,001</u>

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

Schedule 2

	Street	Sanitation	Court Automation	Criminal Activity	Arkansas Economic Development Commission Grant	Fireman's Insurance (Act 833)	One Fourth Cent Sales Tax	New Fire Station	.25% Fire Protection Sales Tax
Cash Balance, January 1, 2022	\$ 125,822	\$ 138,555	\$ 15,278	\$ 4,129	\$ 1	\$ 47,302	\$ 30,217	\$ 2,927	\$ 123,541
Receipts:									
State aid	120,871			21,980		17,100			
Federal aid					155,642				
Property taxes	6,853								
Fines, forfeitures, and costs			7,103	39,787					
Interest	858	582	66	93			143		1,170
Contributions from county							2,895		118,806
Sanitation fees		106,768							
Other	2,825	135		213					
Total Receipts	131,407	107,485	7,169	62,073	155,642	17,100	3,038		119,976
Disbursements:									
General government									
Law enforcement			14,982	34,351					
Highways and streets	158,858								
Public safety						34,780			48,987
Sanitation		133,555							
Wastewater					155,642				
Debt service				17,569					
Total Disbursements	158,858	133,555	14,982	51,920	155,642	34,780			48,987
Cash Balance, December 31, 2022	\$ 98,371	\$ 112,485	\$ 7,465	\$ 14,282	\$ 1	\$ 29,622	\$ 33,255	\$ 2,927	\$ 194,530

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

Schedule 2

	Street Capital Expenditures	Sanitation Capital Expenditures	Police Capital Expenditures	Police Seized Drug Fund	American Rescue Plan Act	Probation Fees	Total
Cash Balance, January 1, 2022	\$ 13,907	\$ 14,605	\$ 1,002	\$ 594	\$ 39,039		\$ 556,919
Receipts:							
State aid							159,951
Federal aid					167,505		323,147
Property taxes							6,853
Fines, forfeitures, and costs						\$ 2,344	49,234
Interest	69	73	2		134		3,190
Contributions from county							121,701
Sanitation fees							106,768
Other							3,173
Total Receipts	69	73	2		167,639	2,344	774,017
Disbursements:							
General government					6,162		6,162
Law enforcement			1,000			49	50,382
Highways and streets							158,858
Public safety							83,767
Sanitation							133,555
Wastewater							155,642
Debt service							17,569
Total Disbursements			1,000		6,162	49	605,935
Cash Balance, December 31, 2022	\$ 13,976	\$ 14,678	\$ 4	\$ 594	\$ 200,516	\$ 2,295	\$ 725,001

CITY OF KENSETT, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(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:

	<u>December 31, 2022</u>
District Court	\$ 62,157

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:

	<u>December 31, 2022</u>
Land	\$ 26,124
Buildings	346,910
Equipment	<u>1,137,572</u>
Total	<u><u>\$ 1,510,606</u></u>

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

	<u>December 31, 2022</u>
Financed purchases	<u><u>\$ 37,160</u></u>

5. 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><u>\$ 167,505</u></u>