

City of Pangburn, Arkansas

Financial and Compliance Report

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



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

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Arkansas

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Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
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 Pangburn, 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 Pangburn, Arkansas, as of and for the year ended December 31, 2022, and have issued our report thereon dated October 4, 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: Michael Marsh
Recorder/Treasurer: Hollie Hopkins
District Court Clerk: Kim Anderson (resigned September 27, 2022)
Hollie Hopkins (appointed September 27, 2022)
Police Chief: Chrystal Bonner

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/ Recorder/Treasurer

The Recorder/Treasurer was overpaid a total of \$4,356, for salary payments in excess of budget (\$1,875) and for performance of Court Clerk duties without Council approval (\$2,481).

Recorder/Treasurer

The City sold two vehicles during an auction held to dispose of seized assets. According to the bills of sale for the vehicles, auction proceeds totaled \$1,875; however, these funds were not deposited into a City account. We were unable to determine the custodian of these funds.

Cash receipts for General and Street Funds were not always properly classified by major sources in the journal. Cash disbursements were not properly posted for the General Fund, as required by Ark. Code Ann. §§ 14-59-110 -111. A similar finding was noted in the previous two reports.

Bank accounts were not reconciled for the American Rescue Plan Act Fund and not properly reconciled for the General, Fire Department, and Court Funds, in noncompliance with Ark. Code Ann. § 14-59-108. A similar finding was noted in the previous report.

We noted the following in noncompliance with Ark. Code Ann. § 14-59-105:

- Adequate supporting documentation was not maintained for \$6,743 (5%) of disbursements tested. A similar finding was noted in the previous report.
- The City paid credit card charges totaling \$1,589 without supporting documentation to substantiate a valid business purpose.

District Court Clerk

Balances remaining in the bank were not identified with receipts issued for cases not yet adjudicated and payments on all unpaid individual time accounts as required by Ark. Code Ann. § 16-10-209. A similar finding was noted in the previous four reports dating back to 2018.

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 dark ink, appearing to read "Roger A. Norman". The signature is fluid and cursive, with the first name "Roger" being more prominent.

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

Little Rock, Arkansas
October 4, 2023
LOM214821

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

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2022	\$ 158,354	\$ 279,094
Receipts:		
State aid	12,842	68,132
Federal aid		59,978
Property taxes	6,504	2,676
Franchise fees	49,587	
Sales taxes	204,796	31,290
Fines, forfeitures, and costs	60,279	
Interest	964	781
Donations	2,900	8,467
Event proceeds		1,980
Contributions from county		117,714
Sanitation fees	33,819	
Other	9,798	665
Unclassified	13,335	
Total Receipts	<u>394,824</u>	<u>291,683</u>
Disbursements:		
General government	193,274	18,498
Law enforcement	160,729	
Highways and streets		55,516
Public safety	368	298,835
Sanitation	33,819	
Recreation and culture		6,370
Contribution to water department	500	
Total Disbursements	<u>388,690</u>	<u>379,219</u>
Cash Balance, December 31, 2022	<u>\$ 164,488</u>	<u>\$ 191,558</u>

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

Schedule 2

	Street	Fire Department	Parks and Recreation	Act 833	Criminal Activity	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 85,938	\$ 107,821	\$ 4,961	\$ 16,214	\$ 4,181	\$ 59,979	\$ 279,094
Receipts:							
State aid	43,168	10,818		14,146			68,132
Federal aid						59,978	59,978
Property taxes	2,676						2,676
Sales taxes	15,584	15,706					31,290
Interest	457	297	27				781
Donations		3,667	4,800				8,467
Event proceeds			1,980				1,980
Contributions from county		117,714					117,714
Other		365	300				665
Total Receipts	61,885	148,567	7,107	14,146		59,978	291,683
Disbursements:							
General government						18,498	18,498
Highways and streets	55,516						55,516
Public safety		246,551		20,284		32,000	298,835
Recreation and culture			6,370				6,370
Total Disbursements	55,516	246,551	6,370	20,284		50,498	379,219
Cash Balance, December 31, 2022	\$ 92,307	\$ 9,837	\$ 5,698	\$ 10,076	\$ 4,181	\$ 69,459	\$ 191,558

CITY OF PANGBURN, 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 and certificates of deposit.

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

	December 31, 2022
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District Court	\$ 40,941
Administration of Justice	1,302

These balances represent 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, 2022
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Land	\$ 182,082
Buildings	445,955
Equipment	<hr/> 422,440
Total	<hr/> <hr/> \$ 1,050,477

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

	December 31, 2022
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American Rescue Plan Act (ARPA)	<hr/> <hr/> \$ 59,978