

City of Thornton, Arkansas

Financial and Compliance Report

December 31, 2021, 2020, and 2019

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF THORNTON, ARKANSAS
TABLE OF CONTENTS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019

Financial and Compliance Report

	<u>Schedule</u>
2021	
Schedule of Financial Information (Unaudited)	1
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	2
2020	
Schedule of Financial Information (Unaudited)	3
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	4
2019	
Schedule of Financial Information (Unaudited)	5
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	6
2021, 2020, and 2019	
Other Information (Unaudited)	7

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
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 Thornton, 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 Thornton, Arkansas, as of and for the years ended December 31, 2021, 2020, and 2019, and have issued our report thereon dated May 3, 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 relates to the following officials who held office during 2021, 2020, and 2019:

Mayor: Bobby Cornelius (Appointed June 22, 2020)
Libby Coates (Resigned June 8, 2020)
Recorder/Treasurer: Patricia Luther (Appointed August 9, 2021)
Sharon Scott (Resigned August 9, 2021)
Marshal: Tommy Stringfellow

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 Marshal.**

Mayor

City Council minutes were not provided for March through September of 2022, in noncompliance with Ark. Code Ann. § 14-59-114.

Recorder/Treasurer

A detailed fixed asset listing was not provided, in noncompliance by Ark. Code Ann. § 14-59-107.

Adequate supporting documentation was not maintained for three tested disbursements totaling \$20,527 (20%) in 2019, primarily consisting of a payment in the amount of \$20,000 on a 1992 International Model 4000 truck, in noncompliance with Ark. Code Ann. § 14-59-105.

Documentation was not available for outstanding long-term debt liabilities, in noncompliance with Ark. Code Ann. § 14-59-114. Specifically, City Council minutes dated August 20, 2020, and September 14, 2020, respectively, noted approval "to purchase Trash Truck from Arkansas Municipal Equipment for \$27,500" and "to put down payment of \$2,500 towards Trash Truck and pay off in 4 years." Additionally, we noted a recurring payment for \$556 made to a financial institution.

Marshal

It could not be determine if three selected citations issued in 2020 were filed with the District Court Clerk or processed through the court system in noncompliance with Ark. Code Ann. § 16-10-205.

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
May 3, 2023
LOM218221

CITY OF THORNTON, 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	\$ 172,854	\$ 23,994
Receipts:		
State aid	30,948	32,183
Federal aid	104	39,572
Property taxes	14,944	3,736
Franchise fees	14,892	
Sales taxes	142,652	
Fines, forfeitures, and costs	4,063	
Interest	201	5
Sanitation fees		15,368
Private grant income	8,400	
Contacted services	3,000	
Other	2,344	2,400
Transfers in		3,000
Total Receipts	<u>221,548</u>	<u>96,264</u>
Disbursements:		
General government	99,637	4,158
Law enforcement	7,650	
Highways and streets	43,700	45,575
Public safety	24,666	
Sanitation	18,550	17,157
Transfers out	3,000	
Total Disbursements	<u>197,203</u>	<u>66,890</u>
Cash Balance, December 31, 2021	<u>\$ 197,199</u>	<u>\$ 53,368</u>

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

Schedule 2

	Street	Solid Waste	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 7,633	\$ 16,361		\$ 23,994
Receipts:				
State aid	32,183			32,183
Federal aid			\$ 39,572	39,572
Property taxes	3,736			3,736
Interest	5			5
Sanitation fees		15,368		15,368
Other	2,400			2,400
Transfers in	3,000			3,000
Total Receipts	<u>41,324</u>	<u>15,368</u>	<u>39,572</u>	<u>96,264</u>
Disbursements:				
General government			4,158	4,158
Highways and streets	45,575			45,575
Sanitation		17,157		17,157
Total Disbursements	<u>45,575</u>	<u>17,157</u>	<u>4,158</u>	<u>66,890</u>
Cash Balance, December 31, 2021	<u>\$ 3,382</u>	<u>\$ 14,572</u>	<u>\$ 35,414</u>	<u>\$ 53,368</u>

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

Schedule 3

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2020	\$ 132,869	\$ 21,654
Receipts:		
State aid	31,749	30,725
Property taxes	14,410	3,273
Franchise fees	15,398	
Sales taxes	134,580	
Fines, forfeitures, and costs	3,379	
Interest	200	7
Sanitation fees		15,688
Private grant income	843	
Insurance proceeds	27,850	
Fire department dues	1,820	1,000
Other	3,635	1,700
Unclassified	17	
Total Receipts	<u>233,881</u>	<u>52,393</u>
Disbursements:		
General government	94,397	
Law enforcement	8,250	
Highways and streets	18,211	31,735
Public safety	14,776	
Sanitation	18,550	18,318
Debt service	39,712	
Total Disbursements	<u>193,896</u>	<u>50,053</u>
Cash Balance, December 31, 2020	<u>\$ 172,854</u>	<u>\$ 23,994</u>

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

Schedule 4

	Street	Solid Waste	Total
Cash Balance, January 1, 2020	\$ 3,663	\$ 17,991	\$ 21,654
Receipts:			
State aid	30,725		30,725
Property taxes	3,273		3,273
Interest	7		7
Sanitation fees		15,688	15,688
Fire department dues		1,000	1,000
Other	1,700		1,700
Total Receipts	<u>35,705</u>	<u>16,688</u>	<u>52,393</u>
Disbursements:			
Highways and streets	31,735		31,735
Sanitation		18,318	18,318
Total Disbursements	<u>31,735</u>	<u>18,318</u>	<u>50,053</u>
Cash Balance, December 31, 2020	<u>\$ 7,633</u>	<u>\$ 16,361</u>	<u>\$ 23,994</u>

CITY OF THORNTON, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

Schedule 5

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2019	\$ 144,500	\$ 19,447
Receipts:		
State aid	32,417	104,182
Property taxes	14,297	2,239
Franchise fees	15,107	
Sales taxes	105,244	
Fines, forfeitures, and costs	3,807	
Interest	179	7
Sanitation fees		16,360
Private grant income	6,380	
Fire department dues	1,745	
Other	1,592	
Contributions from water	12,009	
Total Receipts	<u>192,777</u>	<u>122,788</u>
Disbursements:		
General government	92,861	
Law enforcement	8,250	
Highways and streets	28,324	34,465
Public safety	15,912	
Sanitation	18,200	11,116
Community development		75,000
Debt service	40,861	
Total Disbursements	<u>204,408</u>	<u>120,581</u>
Cash Balance, December 31, 2019	<u>\$ 132,869</u>	<u>\$ 21,654</u>

CITY OF THORNTON, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (UNAUDITED)

Schedule 6

	Street	Solid Waste	Grant Account	Total
Cash Balance, January 1, 2019	\$ 6,700	\$ 12,747		\$ 19,447
Receipts:				
State aid	29,182		\$ 75,000	104,182
Property taxes	2,239			2,239
Interest	7			7
Sanitation fees		16,360		16,360
Total Receipts	<u>31,428</u>	<u>16,360</u>	<u>75,000</u>	<u>122,788</u>
Disbursements:				
Highways and streets	34,465			34,465
Sanitation		11,116		11,116
Community development			75,000	75,000
Total Disbursements	<u>34,465</u>	<u>11,116</u>	<u>75,000</u>	<u>120,581</u>
Cash Balance, December 31, 2019	<u>\$ 3,663</u>	<u>\$ 17,991</u>	<u>\$ 0</u>	<u>\$ 21,654</u>

CITY OF THORNTON, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019
(UNAUDITED)

Schedule 7

1. Cash balances on the Financial Schedules include demand accounts and certificates of deposit.
2. The General Fund column on the Financial Schedules includes the following bank accounts:
General, Local Police and Fire Retirement (LOPFI), State Revenue, Payroll, and Fire Equipment and Training (Act 833)
3. The Municipality's capital assets records were not available.
4. The Municipality's long term debt records were not available.
5. The City received federal funding in the following amount related to COVID-19 relief:

	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 39,572</u>