

City of Evening Shade, Arkansas

Financial and Compliance Report

December 31, 2022 and 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF EVENING SHADE, ARKANSAS
TABLE OF CONTENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Financial and Compliance Report

	<u>Schedule</u>
2022	
Schedule of Financial Information (Unaudited)	1
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	2
2021	
Schedule of Financial Information (Unaudited)	3
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	4
2022 and 2021	
Other Information (Unaudited)	5



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

LEGISLATIVE JOINT AUDITING COMMITTEE **ARKANSAS LEGISLATIVE AUDIT**

Financial and Compliance Report

City of Evening Shade, 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 Evening Shade, Arkansas, as of and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated December 21, 2023. These procedures were not performed for the Water 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 and 2021:

Mayor: Lonnie Haley
Recorder/Treasurer: Kimberly Graddy (January 1, 2021 to March 24, 2022)
Tamara Taylor (March 1, 2022 to December 31, 2022)
Police Chief: Kevin Coursey

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** and **Recorder/Treasurer**.

Mayor and Recorder/Treasurer

Invoices and supporting documentation were not provided for tested disbursements in 2022 and 2021 of \$1,754 (4%) and \$401 (.2%), respectively, in noncompliance with Ark. Code Ann. § 14-59-105; therefore, the validity of these disbursements could not be maintained.

The City was unable to provide documentation for fuel card charges of \$2,258 and \$1,159 in 2022 and 2021, respectively. Additionally, the City was unable to provide invoices for other credit card charges totaling \$275 and \$608 to various vendors in 2022 and 2021, respectively. Due to a lack of supporting documentation, the validity of these disbursements could not be determined. A similar finding was noted in the previous report.

The following exceptions were noted during the testing of payroll:

- The Recorder/Treasurer had wages of \$498 and \$1,340 that were not reported on Internal Revenue Service (IRS) Form W-2 in 2022 and 2021, respectively.
- The Mayor had wages of \$7,300 and \$6,988 that were not reported on IRS Form W-2 but instead reported on IRS Form 1099 instead in 2022 and 2021, respectively.
- The City failed to remit state withholdings to the Arkansas Department of Finance of Administration in a timely manner in 2021.
- The City paid \$500 in excess of the appropriated salary to the Mayor in 2022, in noncompliance with Ark. Code Ann. § 14-42-120.

A similar finding was noted in the prior report.

Mayor

An audit or agreed-upon procedures and compilation report has not been completed for the Water Department, as required by Ark. Code Ann. § 14-234-119. A similar finding was issued in the two previous reports dating back to 2017.

Recorder/Treasurer

Prenumbered receipts were not issued for all funds received, as required by Ark. Code Ann. § 14-59-109.

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".

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

Little Rock, Arkansas
December 21, 2023
LOM220622

CITY OF EVENING SHADE, 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	\$ 62,144	\$ 154,264
Receipts:		
State aid	17,031	51,104
Federal aid		105,994
Property taxes	17,246	3,028
Franchise fees	19,450	
Sales taxes	134,930	
Fines, forfeitures, and costs	11,503	
Interest	124	522
Local permits and fees	11,460	
Rental income		1,910
Other	18,471	1,134
Transfers in		19,530
Unclassified	4,350	
Total Receipts	<u>234,565</u>	<u>183,222</u>
Disbursements:		
General government	136,171	2,348
Law enforcement	47,752	
Highways and streets		13,209
Public safety	42,592	2,639
Recreation and culture	2,232	15,596
Debt service	1,222	
Transfers out	19,530	
Unclassified	4,243	25
Total Disbursements	<u>253,742</u>	<u>33,817</u>
Cash Balance, December 31, 2022	<u>\$ 42,967</u>	<u>\$ 303,669</u>

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

Schedule 2

	Street	Fire Equipment and Training (ACT 833)	School Property	American Rescue Plan Act	Fire Department - American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 61,064	\$ 41,671	\$ 5,444	\$ 46,085		\$ 154,264
Receipts:						
State aid	36,261	14,843				51,104
Federal aid				45,994	\$ 60,000	105,994
Property taxes	3,028					3,028
Interest	205	129	2	159	27	522
Rental income			1,910			1,910
Other			1,134			1,134
Transfers in	9,348		10,182			19,530
Total Receipts	<u>48,842</u>	<u>14,972</u>	<u>13,228</u>	<u>46,153</u>	<u>60,027</u>	<u>183,222</u>
Disbursements:						
General government				2,348		2,348
Highways and streets	13,209					13,209
Public safety				2,639		2,639
Recreation and culture			15,596			15,596
Unclassified				25		25
Total Disbursements	<u>13,209</u>		<u>15,596</u>	<u>5,012</u>		<u>33,817</u>
Cash Balance, December 31, 2022	<u>\$ 96,697</u>	<u>\$ 56,643</u>	<u>\$ 3,076</u>	<u>\$ 87,226</u>	<u>\$ 60,027</u>	<u>\$ 303,669</u>

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

Schedule 3

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2021	\$ 109,345	\$ 146,216
Receipts:		
State aid	6,992	52,564
Federal aid		45,994
Property taxes	18,508	2,940
Franchise fees	17,153	
Sales taxes	128,274	
Fines, forfeitures, and costs	14,727	
Interest	235	410
Local permits and fees	14,820	
Rental income		4,085
Loan Proceeds	13,000	
Contribution from water	13,186	
Other	21,817	555
Transfers in		17,076
Unclassified	1,360	50
Total Receipts	<u>250,072</u>	<u>123,674</u>
Disbursements:		
General government	181,871	
Law enforcement	66,441	
Highways and streets		101,194
Public safety	30,939	
Recreation and culture	814	14,432
Debt service	132	
Transfers out	17,076	
Total Disbursements	<u>297,273</u>	<u>115,626</u>
Cash Balance, December 31, 2021	<u>\$ 62,144</u>	<u>\$ 154,264</u>

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

Schedule 4

	Street	Fire Equipment and Training (ACT 833)	School Property	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 113,926	\$ 24,384	\$ 7,906		\$ 146,216
Receipts:					
State aid	35,368	17,196			52,564
Federal aid				\$ 45,994	45,994
Property taxes	2,940				2,940
Interest	266	91	12	41	410
Rental income			4,085		4,085
Other			555		555
Transfers in	9,758		7,318		17,076
Unclassified				50	50
Total Receipts	<u>48,332</u>	<u>17,287</u>	<u>11,970</u>	<u>46,085</u>	<u>123,674</u>
Disbursements:					
Highways and streets	101,194				101,194
Recreation and culture			14,432		14,432
Total Disbursements	<u>101,194</u>		<u>14,432</u>		<u>115,626</u>
Cash Balance, December 31, 2021	<u>\$ 61,064</u>	<u>\$ 41,671</u>	<u>\$ 5,444</u>	<u>\$ 46,085</u>	<u>\$ 154,264</u>

CITY OF EVENING SHADE, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(UNAUDITED)

Schedule 5

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, Police Department, Fire Department, and City Event
3. The Municipality's capital assets records are summarized below:

	December 31, 2022	December 31, 2021
Land	\$ 120,000	\$ 120,000
Buildings	182,000	182,000
Equipment	462,278	462,278
	<u> </u>	<u> </u>
Totals	<u>\$ 764,278</u>	<u>\$ 764,278</u>

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

	December 31, 2022	December 31, 2021
Financed purchases	\$ 12,262	\$ 13,100
	<u> </u>	<u> </u>

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

	December 31, 2022	December 31, 2021
American Rescue Plan Act (ARPA)	\$ 45,994	\$ 45,994
American Rescue Plan Act (Passed through Sharp County)	60,000	
	<u> </u>	<u> </u>
Totals	<u>\$ 105,994</u>	<u>\$ 45,994</u>