

City of Alexander, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF ALEXANDER, 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

Arkansas



Sen. Ronald Caldwell
Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair

Rep. Richard Womack
House Chair
Rep. Nelda Speaks
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 Alexander, 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 Alexander, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated November 15, 2022. 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: Paul Mitchell
Treasurer: JoAnn Churchill
Recorder: Melissa Ratliff
District Court Clerk: Janet Guess (appointed September 1, 2021)
Melissa Ratliff (appointed May 17, 2021)
Amanda Douthit (resigned April 30, 2021)
Police Chief: Robert Burnett

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 the **Mayor** and **District Court Clerk**.

Mayor

During the period January 1, 2021 through August 25, 2022, the Bookkeeper received salary overpayments totaling \$20,088 and undocumented mileage reimbursements totaling \$641.

In addition, review of payroll records for the Bookkeeper, who was responsible for preparing disbursements and maintaining payroll records, revealed the following:

- Wages received in 2021 (\$74,913) exceeded budget (\$40,040) by \$34,873.
- The Bookkeeper reported working an excessive number of hours on her timesheets:
 - 1,602 overtime hours, including as much as 18 hours in a single day and as much as 181 hours during a two-week pay period.
 - 945 weekend hours, including as much as 16 hours in a single weekend day and as much as 30 hours during a two-day weekend.
- The Bookkeeper reported working hours while out of the office:
 - 115 hours on eight weekdays while, according to time clock cards, the Bookkeeper was on sick leave.
 - 29 hours for attending a three-day conference for which, according to conference officials, the Bookkeeper was not registered and there was no evidence she attended.
 - Hours reportedly worked while the Bookkeeper was traveling on three vacations, according to social media posts.
- "Time In" and "Time Out" reflected on timesheets did not always agree with stamped time clock cards.
- Timesheets were not always signed by the Bookkeeper or approved by her supervisor.
- As of August 20, 2022, the Bookkeeper had negative sick (-3) and vacation (-26) leave balances. In addition, 51 sick leave hours and 160 vacation leave hours used during the review period were not deducted from her leave balances.

The Bookkeeper was terminated on October 11, 2022.

District Court Clerk

Balances remaining in the bank were not identified with receipts issued 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

A handwritten signature in black 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
November 15, 2022
LOM221721

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

Schedule 1

	General Fund	Special Revenue Funds	Debt Service Funds
Cash Balance, January 1, 2021	\$ 222,835	\$ 266,567	\$ 22,043
Receipts:			
State aid	48,590	269,302	
Federal aid		366,132	
Property taxes	39,341	42,489	
Franchise fees	120,031		
Sales taxes	763,251	1,404,362	
Fines, forfeitures, and costs	24,057	150,929	
Interest	1,622	1,686	22
Local permits and fees	26,343	3,470	
Other	2,208	25,122	
Transfers in		132,640	
Total Receipts	<u>1,025,443</u>	<u>2,396,132</u>	<u>22</u>
Disbursements:			
General government	694,129	227	
Law enforcement	19,675	658,060	
Highways and streets		301,923	
Public safety		807,026	
Recreation and culture		136,283	
Debt service	21,888	30,159	
Transfers out	131,568	1,072	
Total Disbursements	<u>867,260</u>	<u>1,934,750</u>	
Cash Balance, December 31, 2021	<u>\$ 381,018</u>	<u>\$ 727,949</u>	<u>\$ 22,065</u>

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

Schedule 2

	Street	Police Department	Fire Department	Park and Recreation	Court Automation	Administration of Justice	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 20,266	\$ 7,922	\$ 14,294	\$ 175,840	\$ 24,657	\$ 23,588		\$ 266,567
Receipts:								
State aid	248,844		20,458					269,302
Federal aid		8,018					\$ 358,114	366,132
Property taxes	42,489							42,489
Sales taxes		438,863	789,954	175,545				1,404,362
Fines, forfeitures, and costs		136,622			1,993	12,314		150,929
Interest	141	120	248	881	103	147	46	1,686
Local permits and fees		1,705	1,765					3,470
Other	379	17,578	1,966	5,199				25,122
Transfers in	27,879	64,901	38,788		1,072			132,640
Total Receipts	319,732	667,807	853,179	181,625	3,168	12,461	358,160	2,396,132
Disbursements:								
General government							227	227
Law enforcement		647,200			8,202	2,658		658,060
Highways and streets	301,923							301,923
Public safety			807,026					807,026
Recreation and culture				136,283				136,283
Debt service	13,160	16,999						30,159
Transfers out						1,072		1,072
Total Disbursements	315,083	664,199	807,026	136,283	8,202	3,730	227	1,934,750
Cash Balance, December 31, 2021	\$ 24,915	\$ 11,530	\$ 60,447	\$ 221,182	\$ 19,623	\$ 32,319	\$ 357,933	\$ 727,949

CITY OF ALEXANDER, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand and savings accounts.

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

	December 31, 2021
Police Bond and Fine	\$ 45,551
Payroll	29,078

These balances represent fines, forfeitures, and costs and payroll taxes that have not been transferred to the appropriate entities.

3. The Municipality's capital assets records are summarized below:

	December 31, 2021
Land	\$ 453,000
Buildings	674,000
Equipment	943,462
Total	\$ 2,070,462

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

	December 31, 2021
Leases payable	\$ 3,607
Notes payable	420,000
Total	\$ 423,607

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

	December 31, 2021
American Rescue Plan Act (ARPA)	\$ 358,114