

# **City of Alexander, Arkansas**

## **Financial and Compliance Report**

**December 31, 2022**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF ALEXANDER, ARKANSAS  
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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 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, 2022, and have issued our report thereon dated December 6, 2023. 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: Paul Mitchell  
Recorder: Sharon Bankhead  
Treasurer: Jo An Churchill  
District Court Clerk: Janet Guess  
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, Treasurer, and District Court Clerk.**

#### Mayor

1. The Mayor was overpaid \$1,620, and his wages were not taxed from January through September 2022; therefore, \$30,780 of his salary was not reported on his IRS Form W-2. The Mayor's term ended in December 2022.
2. The governing body did not review the prior year report and accompanying comments at the first regularly scheduled meeting following receipt of the report, in noncompliance with Ark. Code Ann. § 10-4-418.

#### Treasurer

Accounting procedures for municipalities are set forth in Ark. Code Ann. §§ 14-59-101 - 14-59-119. The City was not in compliance with these codes and other accounting procedures as follows:

- Receipts were not deposited in a timely manner.
- Prenumbered receipts were not issued for all funds received.
- Cash receipts and disbursements journals were not properly posted and reconciled with bank deposits and withdrawals.
- Cash receipts and disbursements journals and monthly bank reconciliations were not prepared for the Debt Service Fund.
- Monthly bank reconciliations were prepared but were not accurate.
- The annual financial statements were not published by April 1 of the following year.
- A detailed fixed asset listing was not maintained to include additions, deletions, and a control total.
- Monthly financial reports were not always submitted to the council.

**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. 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



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

Little Rock, Arkansas  
December 6, 2023  
LOM221722

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

Schedule 1

	General Fund	Special Revenue Funds	Debt Service Funds
Cash Balance, January 1, 2022	\$ 381,018	\$ 727,949	\$ 22,065
Receipts:			
State aid	50,498	374,093	
Federal aid		375,195	
Property taxes	43,148	42,890	
Franchise fees	127,715		
Sales taxes	803,922	1,463,590	
Fines, forfeitures, and costs	17,963	158,992	
Interest	2,060	2,814	30
Local permits and fees	15,115	2,600	
Donations		150	
Sale of equipment		40,000	
Other	3,325	8,217	
Transfers in		159,958	
Total Receipts	<u>1,063,746</u>	<u>2,628,499</u>	<u>30</u>
Disbursements:			
General government	940,814	46,838	
Law enforcement	16,500	741,747	
Highways and streets		323,520	
Public safety		817,622	
Recreation and culture		144,632	
Debt service	21,888	26,860	
Transfers out	159,958		
Total Disbursements	<u>1,139,160</u>	<u>2,101,219</u>	
Cash Balance, December 31, 2022	<u>\$ 305,604</u>	<u>\$ 1,255,229</u>	<u>\$ 22,095</u>

CITY OF ALEXANDER, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (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, 2022	\$ 24,915	\$ 11,530	\$ 60,447	\$ 221,182	\$ 19,623	\$ 32,319	\$ 357,933	\$ 727,949
Receipts:								
State aid	292,250	59,207	22,636					374,093
Federal aid		17,085					358,110	375,195
Property taxes	42,890							42,890
Sales taxes		459,687	820,029	183,874				1,463,590
Fines, forfeitures, and costs		106,911			935	51,146		158,992
Interest	233	196	331	1,345	97	214	398	2,814
Local permits and fees		1,675	925					2,600
Donations		150						150
Sale of equipment			40,000					40,000
Other	3,427			4,790				8,217
Transfers in	24,642	134,932	384					159,958
Total Receipts	<u>363,442</u>	<u>779,843</u>	<u>884,305</u>	<u>190,009</u>	<u>1,032</u>	<u>51,360</u>	<u>358,508</u>	<u>2,628,499</u>
Disbursements:								
General government							46,838	46,838
Law enforcement		696,831			4,582	40,334		741,747
Highways and streets	323,520							323,520
Public safety			817,622					817,622
Recreation and culture				144,632				144,632
Debt service	12,535	14,325						26,860
Total Disbursements	<u>336,055</u>	<u>711,156</u>	<u>817,622</u>	<u>144,632</u>	<u>4,582</u>	<u>40,334</u>	<u>46,838</u>	<u>2,101,219</u>
Cash Balance, December 31, 2022	<u>\$ 52,302</u>	<u>\$ 80,217</u>	<u>\$ 127,130</u>	<u>\$ 266,559</u>	<u>\$ 16,073</u>	<u>\$ 43,345</u>	<u>\$ 669,603</u>	<u>\$ 1,255,229</u>

CITY OF ALEXANDER, 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.

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

	December 31, 2022
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Police Bond and Fine	\$ 40,104
Payroll	19,181

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, 2022
	<hr/>
Land	\$ 453,000
Buildings	865,000
Equipment	<hr/> 2,481,048
Total	<hr/> <hr/> \$ 3,799,048

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

	December 31, 2022
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Financed purchases	<hr/> \$ 390,551

5. 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/> \$ 358,110