

Town of Banks, Arkansas

Financial and Compliance Report

December 31, 2022, 2021, and 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF BANKS, ARKANSAS
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Arkansas

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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

Town of Banks, 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 Town of Banks, Arkansas, as of and for the years ended December 31, 2022, 2021, and 2020, and have issued our report thereon dated. These procedures were not performed for the Water and Sewer Department. Management of the Town 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 2022, 2021, and 2020:

Mayor: Keeton Hudson
Recorder/Treasurer: Leah Via

We evaluated the Town'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

The Town paid \$600, \$540, and \$900 to the Mayor in 2022, 2021, and 2020, respectively, for mowing without an authorizing ordinance, in apparent conflict with Ark. Code Ann. § 14-42-107. A similar finding was noted in the previous report.

The Town paid \$800 in 2022 for a dinner for Council members and their families without a documented business purpose, in apparent conflict with the "public purpose" doctrine and Ark. Const. art. 12, § 5.

General Fund expenditures exceeded budgeted appropriations by \$33,624 (265%) and \$6,896 (58%) in 2022 and 2021, respectively, in noncompliance with Ark. Code Ann. § 14-58-203. Also, Street Fund expenditures exceeded budgeted appropriations by \$7,949 (99%), \$15,813 (186%), and \$6,992 (74%) in 2022, 2021 and 2020, respectively, in noncompliance with Ark. Code Ann. § 14-58-203. A similar finding was noted in the previous report.

An audit or agreed-upon procedures report and compilation was not obtained for the Water and Sewer Department for the years 2022, 2021, 2020, and 2019, as required by Ark. Code Ann. § 14-234-119.

The minutes of the governing body did not document a review of the prior year report and accompanying comments at the first regularly scheduled meeting following receipt of the report, as required by Ark. Code Ann. § 10-4-418.

Recorder/Treasurer

Prenumbered receipts were not issued for all monies received, in noncompliance with Ark. Code Ann. § 14-59-109. A similar finding was noted in the previous report.

Payroll records for 2022, 2021 and 2020 were not made available for inspection, as required by Ark. Code Ann. § 14-59-114.

Invoices and supporting documentation were not provided for tested disbursements in 2022, 2021, and 2020 of \$3,080 (14%), \$12,549 (57%), and \$19,935 (74%), respectively, in noncompliance with Ark. Code Ann. § 14-59-105.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local Town 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
September 13, 2023
LOM301122

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

Schedule 1

	General Fund	Special Revenue Funds	Capital Projects Fund - Fire Department Construction Grant
Cash Balance, January 1, 2022	\$ 22,786	\$ 126,517	\$ 51,683
Receipts:			
State aid	1,298	22,567	
Federal aid		15,391	
Property taxes	1,160	1,245	
Franchise fees	5,100		
Sales taxes	11,849		
Interest	54	70	
Fire dues		200	
Festival proceeds		13,784	
Contribution from water/sewer	13,000		
Other	205		
Unclassified	25	6,337	
Total Receipts	<u>32,691</u>	<u>59,594</u>	
Disbursements:			
General government	44,974		
Highways and streets		15,949	
Public safety		19,914	
Recreation and culture		16,644	
Unclassified	1,350		
Total Disbursements	<u>46,324</u>	<u>52,507</u>	
Cash Balance, December 31, 2022	<u>\$ 9,153</u>	<u>\$ 133,604</u>	<u>\$ 51,683</u>

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

Schedule 2

	Street	Fire Department	Fire Department ACEDP Grant	Fire Department Special Acct	USDA-RD HVAC Grant	Buck Fever	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 47,986	\$ 55,613	\$ 100	\$ 97	\$ 439	\$ 10,265	\$ 12,017	\$ 126,517
Receipts:								
State aid	7,511	15,056						22,567
Federal aid			3,375				12,016	15,391
Property taxes	1,245							1,245
Interest	70							70
Fire dues		200						200
Festival proceeds						13,784		13,784
Unclassified	500	655				5,182		6,337
Total Receipts	<u>9,326</u>	<u>15,911</u>	<u>3,375</u>			<u>18,966</u>	<u>12,016</u>	<u>59,594</u>
Disbursements:								
Highways and streets	15,949							15,949
Public safety		16,539	3,375					19,914
Recreation and culture						16,644		16,644
Total Disbursements	<u>15,949</u>	<u>16,539</u>	<u>3,375</u>			<u>16,644</u>		<u>52,507</u>
Cash Balance, December 31, 2022	<u>\$ 41,363</u>	<u>\$ 54,985</u>	<u>\$ 100</u>	<u>\$ 97</u>	<u>\$ 439</u>	<u>\$ 12,587</u>	<u>\$ 24,033</u>	<u>\$ 133,604</u>

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

Schedule 3

	General Fund	Special Revenue Funds	Capital Projects Fund - Fire Department Construction Grant
Cash Balance, January 1, 2021	\$ 19,537	\$ 128,965	\$ 51,683
Receipts:			
State aid	1,910	10,487	
Federal aid		12,017	
Property taxes	1,084	1,161	
Franchise fees	4,983		
Sales taxes	13,408		
Interest	41	82	
Fire dues		1,220	
Festival proceeds		13,601	
Unclassified	619	3,995	
Total Receipts	<u>22,045</u>	<u>42,563</u>	
Disbursements:			
General government	18,796		
Highways and streets		24,313	
Public safety		7,411	
Recreation and culture		13,287	
Total Disbursements	<u>18,796</u>	<u>45,011</u>	
Cash Balance, December 31, 2021	<u>\$ 22,786</u>	<u>\$ 126,517</u>	<u>\$ 51,683</u>

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

Schedule 4

	Street	Fire Department	Fire Department ACEDP Grant	Fire Department Special Acct	USDA-RD HVAC Grant	Buck Fever	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 60,578	\$ 60,795		\$ 97	\$ 439	\$ 7,056		\$ 128,965
Receipts:								
State aid	9,478	1,009						10,487
Federal aid							\$ 12,017	12,017
Property taxes	1,161							1,161
Interest	82							82
Fire dues		1,220						1,220
Festival proceeds						13,601		13,601
Unclassified	1,000		\$ 100			2,895		3,995
Total Receipts	<u>11,721</u>	<u>2,229</u>	<u>100</u>			<u>16,496</u>	<u>12,017</u>	<u>42,563</u>
Disbursements:								
Highways and streets	24,313							24,313
Public safety		7,411						7,411
Recreation and culture						13,287		13,287
Total Disbursements	<u>24,313</u>	<u>7,411</u>				<u>13,287</u>		<u>45,011</u>
Cash Balance, December 31, 2021	<u>\$ 47,986</u>	<u>\$ 55,613</u>	<u>\$ 100</u>	<u>\$ 97</u>	<u>\$ 439</u>	<u>\$ 10,265</u>	<u>\$ 12,017</u>	<u>\$ 126,517</u>

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

Schedule 5

	General Fund	Special Revenue Funds	Capital Projects Fund - Fire Department Construction Grant
Cash Balance, January 1, 2020	\$ 7,798	\$ 131,107	
Receipts:			
State aid	1,840	22,089	\$ 51,683
Federal aid	4,913		
Property taxes	1,096	1,161	
Franchise fees	4,225		
Sales taxes	13,065		
Interest	18	109	
Fire dues		1,300	
Festival proceeds		7,802	
Other	202		
Unclassified		13,017	
Total Receipts	<u>25,359</u>	<u>45,478</u>	<u>51,683</u>
Disbursements:			
General government	13,620	15,985	
Highways and streets		16,392	
Public safety		9,114	
Recreation and culture		6,129	
Total Disbursements	<u>13,620</u>	<u>47,620</u>	
Cash Balance, December 31, 2020	<u>\$ 19,537</u>	<u>\$ 128,965</u>	<u>\$ 51,683</u>

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

Schedule 6

	Street	Fire Department	Fire Department Special Acct	USDA-RD HVAC Grant	Buck Fever	Total
Cash Balance, January 1, 2020	\$ 65,322	\$ 55,881	\$ 97	\$ 4,424	\$ 5,383	\$ 131,107
Receipts:						
State aid	9,361	12,728				22,089
Property taxes	1,161					1,161
Interest	109					109
Fire dues		1,300				1,300
Festival proceeds					7,802	7,802
Unclassified	1,017			12,000		13,017
Total Receipts	<u>11,648</u>	<u>14,028</u>		<u>12,000</u>	<u>7,802</u>	<u>45,478</u>
Disbursements:						
General government				15,985		15,985
Highways and streets	16,392					16,392
Public safety		9,114				9,114
Recreation and culture					6,129	6,129
Total Disbursements	<u>16,392</u>	<u>9,114</u>		<u>15,985</u>	<u>6,129</u>	<u>47,620</u>
Cash Balance, December 31, 2020	<u>\$ 60,578</u>	<u>\$ 60,795</u>	<u>\$ 97</u>	<u>\$ 439</u>	<u>\$ 7,056</u>	<u>\$ 128,965</u>

TOWN OF BANKS, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020
(UNAUDITED)

Schedule 7

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

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

	December 31, 2022	December 31, 2021	December 31, 2020
Land	\$ 20,400	\$ 20,400	\$ 20,400
Buildings	62,706	62,706	62,706
Equipment	21,324	17,124	12,624
Totals	<u>\$ 104,430</u>	<u>\$ 100,230</u>	<u>\$ 95,730</u>

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

	December 31, 2022	December 31, 2021	December 31, 2020
Coronavirus Aid, Relief and Economic Security Act (CARES)			\$ 4,913
American Rescue Plan Act (ARPA)	\$ 12,016	\$ 12,017	
Totals	<u>\$ 12,016</u>	<u>\$ 12,017</u>	<u>\$ 4,913</u>