

Town of Friendship, Arkansas

Financial and Compliance Report

December 31, 2022 and 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF FRIENDSHIP, ARKANSAS
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FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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Arkansas

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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 Friendship, 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 Friendship, Arkansas, as of and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated May 19, 2023. 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 and 2021:

Mayor: William Garrett (Appointed May 2, 2022)
Recorder/Treasurer: Malinda Clark

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 office of **Mayor**.

Mayor

There was no documentation in the council minutes of the review of the 2020 Arkansas Legislative Audit Financial and Compliance Report. The review should document review of findings and recommendations and any action taken by the council, as required by Ark. Code Ann. § 10-4-418.

In 2021, General Fund disbursements exceeded appropriations by \$23,280 (65%), in noncompliance with Ark Code Ann. § 14-58-203. 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 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

A handwritten signature in cursive script that reads "Roger A. Norman".

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

Little Rock, Arkansas
May 19, 2023
LOM306222

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

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2022	\$ 32,333	\$ 70,343
Receipts:		
State aid	2,357	13,641
Federal aid		18,904
Property taxes	18,267	2,773
Franchise fees	6,164	
Sales taxes	22,906	
Other	2,126	
Total Receipts	<u>51,820</u>	<u>35,318</u>
Disbursements:		
General government	21,022	
Highways and streets		6,609
Recreation and culture	3,260	
Social services	22,448	
Total Disbursements	<u>46,730</u>	<u>6,609</u>
Cash Balance, December 31, 2022	<u>\$ 37,423</u>	<u>\$ 99,052</u>

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

Schedule 2

	Street	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 51,439	\$ 18,904	\$ 70,343
Receipts:			
State aid	13,641		13,641
Federal aid		18,904	18,904
Property taxes	2,773		2,773
Total Receipts	<u>16,414</u>	<u>18,904</u>	<u>35,318</u>
Disbursements:			
Highways and streets	<u>6,609</u>		<u>6,609</u>
Cash Balance, December 31, 2022	<u>\$ 61,244</u>	<u>\$ 37,808</u>	<u>\$ 99,052</u>

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

Schedule 3

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2021	\$ 37,781	\$ 38,508
Receipts:		
State aid	2,811	14,146
Federal aid		18,904
Property taxes	15,299	3,226
Franchise fees	5,225	
Sales taxes	29,174	
Donations	500	
Transfers in	944	210
Total Receipts	<u>53,953</u>	<u>36,486</u>
Disbursements:		
General government	26,140	
Highways and streets		3,707
Recreation and culture	2,721	
Social services	30,330	
Transfers out	210	944
Total Disbursements	<u>59,401</u>	<u>4,651</u>
Cash Balance, December 31, 2021	<u>\$ 32,333</u>	<u>\$ 70,343</u>

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

Schedule 4

	<u>Street</u>	<u>American Rescue Plan Act</u>	<u>Total</u>
Cash Balance, January 1, 2021	<u>\$ 38,508</u>		<u>\$ 38,508</u>
Receipts:			
State aid	14,146		14,146
Federal aid		\$ 18,904	18,904
Property taxes	3,226		3,226
Transfers in	210		210
Total Receipts	<u>17,582</u>	<u>18,904</u>	<u>36,486</u>
Disbursements:			
Highways and streets	3,707		3,707
Transfers out	944		944
Total Disbursements	<u>4,651</u>		<u>4,651</u>
Cash Balance, December 31, 2021	<u><u>\$ 51,439</u></u>	<u><u>\$ 18,904</u></u>	<u><u>\$ 70,343</u></u>

TOWN OF FRIENDSHIP, 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.

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

	December 31, 2022	December 31, 2021
Land	\$ 4,933	\$ 4,933
Buildings	56,508	56,508
Equipment	43,730	43,162
Totals	<u>\$ 105,171</u>	<u>\$ 104,603</u>

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

	December 31, 2022	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 18,904</u>	<u>\$ 18,904</u>