

Town of Garner, Arkansas

Financial and Compliance Report

December 31, 2022 and 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF GARNER, 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

Town of Garner, 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 Garner, Arkansas, as of and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated September 28, 2023. These procedures were not performed for the Fire Department 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 and 2021:

Mayor: Dorothy Hanner
Recorder/Treasurer: Carla Johnson

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

1. The minutes of the governing body did not document the review of the findings and recommendations and the action taken by the governing body for the prior report, as required by Ark. Code Ann. § 10-4-418. A similar finding was issued in the previous report.
2. Restricted Street Fund revenue was transferred to the Sewer Department totaling \$10,000 and \$21,000 for 2022 and 2021 respectively, in noncompliance with Ark. Code Ann. §§ 26-79-104, 27-70-207.
3. In 2021, General and Street Fund disbursements exceeded appropriations by \$21,505 (40%) and \$5,440 (20%), respectively, in noncompliance with Ark. Code Ann. § 14-58-203.

Recorder/Treasurer

1. Bank accounts were not reconciled on a monthly basis, as required by Ark. Code Ann. § 14-59-108. A similar finding was noted in the previous two reports.
2. A fixed asset listing was established but not updated to include all purchases, as required by Ark. Code Ann. § 14-59-107. A similar finding was noted in the previous two reports. In addition, a fixed asset policy was not provided by the entity.
3. Internal Revenue Service (IRS) quarterly report 941 Forms were not provided for all of 2022 or 2021, as required by Ark. Code Ann. 14-59-107. Additionally, an Arkansas Department of Finance and Administration Form AR3 was not provided for 2021. A similar finding was noted in the previous report.
4. Cash receipts and disbursements journals were not properly maintained for the General, Street, and Cemetery Funds in 2022 and 2021, as required by Ark. Code Ann. §§ 14-59-110 - 111.

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
September 28, 2023
LOM306522

TOWN OF GARNER, 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	\$ 72,097	\$ 64,308
Receipts:		
State aid	2,937	18,217
Federal aid		29,523
Property taxes	3,507	1,162
Franchise fees	2,356	
Sales taxes	40,388	
Interest	9	
Donations		1,845
Other	430	37
Total Receipts	49,627	50,784
Disbursements:		
General government	37,698	
Highways and streets		10,027
Cemetery		1,560
Contributions to sewer department		39,523
Total Disbursements	37,698	51,110
Cash Balance, December 31, 2022	\$ 84,026	\$ 63,982

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

Schedule 2

	<u>Street</u>	<u>Cemetery</u>	<u>American Rescue Plan Act</u>	<u>Total</u>
Cash Balance, January 1, 2022	\$ 63,076	\$ 1,155	\$ 77	\$ 64,308
Receipts:				
State aid	18,217			18,217
Federal aid			29,523	29,523
Property taxes	1,162			1,162
Donations		1,845		1,845
Other	37			37
Total Receipts	<u>19,416</u>	<u>1,845</u>	<u>29,523</u>	<u>50,784</u>
Disbursements:				
Highways and streets	10,027			10,027
Cemetery		1,560		1,560
Contributions to sewer department	10,000		29,523	39,523
Total Disbursements	<u>20,027</u>	<u>1,560</u>	<u>29,523</u>	<u>51,110</u>
Cash Balance, December 31, 2022	<u>\$ 62,465</u>	<u>\$ 1,440</u>	<u>\$ 77</u>	<u>\$ 63,982</u>

TOWN OF GARNER, 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	\$ 82,602	\$ 74,506
Receipts:		
State aid	4,108	21,944
Federal aid		29,523
Property taxes	3,701	1,197
Franchise fees	1,901	
Sales taxes	47,592	
Interest	4	
Donations		420
Other	7,294	
Transfers in		1,200
Total Receipts	<u>64,600</u>	<u>54,284</u>
Disbursements:		
General government	42,665	
Highways and streets		11,667
Recreation and culture	1,240	
Social services		609
Cemetery		1,760
Contributions to sewer department	30,000	50,446
Transfers out	1,200	
Total Disbursements	<u>75,105</u>	<u>64,482</u>
Cash Balance, December 31, 2021	<u>\$ 72,097</u>	<u>\$ 64,308</u>

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

Schedule 4

	Street	Cemetery	Senior Citizen's	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 72,602	\$ 1,295	\$ 609		\$ 74,506
Receipts:					
State aid	21,944				21,944
Federal aid				\$ 29,523	29,523
Property taxes	1,197				1,197
Donations		420			420
Transfers in		1,200			1,200
Total Receipts	<u>23,141</u>	<u>1,620</u>		<u>29,523</u>	<u>54,284</u>
Disbursements:					
Highways and streets	11,667				11,667
Social services			609		609
Cemetery		1,760			1,760
Contributions to sewer department	21,000			29,446	50,446
Total Disbursements	<u>32,667</u>	<u>1,760</u>	<u>609</u>	<u>29,446</u>	<u>64,482</u>
Cash Balance, December 31, 2021	<u>\$ 63,076</u>	<u>\$ 1,155</u>	<u>\$ 0</u>	<u>\$ 77</u>	<u>\$ 64,308</u>

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

Schedule 5

1. Cash balances on the Financial Schedules include demand and savings accounts.
2. The General Fund column on the Financial Schedules includes the following bank accounts:
 General and Savings Accounts
3. The Municipality's capital assets records are summarized below:

	December 31, 2022	December 31, 2021
Land	\$ 11,883	\$ 11,883
Buildings	51,215	51,215
Equipment	55,409	55,409
Totals	\$ 118,507	\$ 118,507

4. 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)	\$ 29,523	\$ 29,523