

**Town of Harrell, Arkansas**

**Financial and Compliance Report**

**December 31, 2021, 2020, and 2019**

LEGISLATIVE JOINT AUDITING COMMITTEE

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TOWN OF HARRELL, ARKANSAS  
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# Arkansas

**Sen. David Wallace**  
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 Harrell, 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 Harrell, Arkansas, as of and for the years ended December 31, 2021, 2020, and 2019, and have issued our report thereon dated January 30, 2023. These procedures were not performed for the Waterworks 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 2021, 2020, and 2019:

Mayor: Terry Anders, Jr.  
Recorder/Treasurer: Jeannie Johnston

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 council minutes did not document the review of the findings and recommendations of the prior report and the action taken by the Town Council, as required by Ark. Code Ann. § 10-4-418.

#### **Mayor and Recorder/Treasurer**

The Town issued salary overpayments of \$750 to the Recorder/Treasurer in 2020. The approved salary was \$1,500 per month to be paid bi-monthly; however, an extra payment was made in December 2020.

The Town purchased a truck from a Council member for \$13,000 in 2020 without an authorizing ordinance, in noncompliance with Ark. Code Ann. § 14-42-107.

Restricted Street Fund monies were used to buy Christmas lights totaling \$732 for 2020, in noncompliance with Ark. Code Ann. §§ 26-79-104, 27-70-207.

On January 21, 2020, the Town paid \$15,000 to an individual for a 1982 Continental Fire Truck, with the bill of sale being dated November 30, 2019. On January 22, 2020, the Town sold a 1981 Pierce Pumper Truck for \$10,000 to the same individual but never received payment. According to the Mayor, the Fire Truck actually cost \$25,000, but the Town paid only \$15,000 due to the \$10,000 value of the Pumper Truck the individual received from the Town. We recommend the Town maintain invoices providing full disclosure of transactions, including any trade-in values.

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 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  
January 30, 2023  
LOM307521

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

Schedule 1

	General Fund	Special Revenue Funds
	<u>          </u>	<u>          </u>
Cash Balance, January 1, 2021	\$ 98,648	\$ 81,116
Receipts:		
State aid	4,004	106,970
Federal aid		25,691
Property taxes	7,679	2,301
Sales taxes	77,640	
Interest	89	99
Other	5,767	
Transfers in	4,000	4,000
Total Receipts	<u>99,179</u>	<u>139,061</u>
Disbursements:		
General government	50,309	4
Highways and streets		10,624
Public safety	3,825	5,657
Sanitation	38,820	
Recreation and culture	812	3,706
Transfers out	4,000	4,000
Total Disbursements	<u>97,766</u>	<u>23,991</u>
Cash Balance, December 31, 2021	<u>\$ 100,061</u>	<u>\$ 196,186</u>

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

Schedule 2

	Street	ACT 833	Fun Park Grant	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	<u>\$ 68,193</u>	<u>\$ 12,923</u>			<u>\$ 81,116</u>
Receipts:					
State aid	20,054	11,912	\$ 75,004		106,970
Federal aid				\$ 25,691	25,691
Property taxes	2,301				2,301
Interest	81	18			99
Transfers in		4,000			4,000
Total Receipts	<u>22,436</u>	<u>15,930</u>	<u>75,004</u>	<u>25,691</u>	<u>139,061</u>
Disbursements:					
General government				4	4
Highways and streets	10,624				10,624
Public safety		5,657			5,657
Recreation and culture			3,706		3,706
Transfers out		4,000			4,000
Total Disbursements	<u>10,624</u>	<u>9,657</u>	<u>3,706</u>	<u>4</u>	<u>23,991</u>
Cash Balance, December 31, 2021	<u>\$ 80,005</u>	<u>\$ 19,196</u>	<u>\$ 71,298</u>	<u>\$ 25,687</u>	<u>\$ 196,186</u>

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

Schedule 3

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2020	\$ 119,410	\$ 96,498
Receipts:		
State aid	3,769	30,485
Property taxes	7,377	2,211
Sales taxes	72,248	
Interest	118	142
Other	9,008	
Total Receipts	<u>92,520</u>	<u>32,838</u>
Disbursements:		
General government	66,439	
Law enforcement	1,400	
Highways and streets		28,708
Public safety	4,394	19,512
Sanitation	39,250	
Recreation and culture	1,799	
Total Disbursements	<u>113,282</u>	<u>48,220</u>
Cash Balance, December 31, 2020	<u>\$ 98,648</u>	<u>\$ 81,116</u>

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

Schedule 4

	<u>Street</u>	<u>ACT 833</u>	<u>Total</u>
Cash Balance, January 1, 2020	\$ 75,385	\$ 21,113	\$ 96,498
Receipts:			
State aid	19,175	11,310	30,485
Property taxes	2,211		2,211
Interest	130	12	142
Total Receipts	<u>21,516</u>	<u>11,322</u>	<u>32,838</u>
Disbursements:			
Highways and streets	28,708		28,708
Public safety		19,512	19,512
Total Disbursements	<u>28,708</u>	<u>19,512</u>	<u>48,220</u>
Cash Balance, December 31, 2020	<u>\$ 68,193</u>	<u>\$ 12,923</u>	<u>\$ 81,116</u>



TOWN OF HARRELL, ARKANSAS  
SCHEDULE OF FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(UNAUDITED)

Schedule 5

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2019	\$ 109,972	\$ 90,185
Receipts:		
State aid	4,016	29,195
Property taxes	7,126	2,135
Sales taxes	57,354	
Interest	160	194
Insurance proceeds	28,789	
Other	9,110	101
Transfers in		9,250
Total Receipts	<u>106,555</u>	<u>40,875</u>
Disbursements:		
General government	48,729	
Law enforcement	5,500	
Highways and streets		27,549
Public safety	4,365	7,013
Sanitation	27,957	
Recreation and culture	1,316	
Transfers out	9,250	
Total Disbursements	<u>97,117</u>	<u>34,562</u>
Cash Balance, December 31, 2019	<u>\$ 119,410</u>	<u>\$ 96,498</u>

TOWN OF HARRELL, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019  
 (UNAUDITED)

Schedule 6

	<u>Street</u>	<u>ACT 833</u>	<u>Total</u>
Cash Balance, January 1, 2019	\$ 73,087	\$ 17,098	\$ 90,185
Receipts:			
State aid	18,212	10,983	29,195
Property taxes	2,135		2,135
Interest	149	45	194
Other	101		101
Transfers in	9,250		9,250
Total Receipts	<u>29,847</u>	<u>11,028</u>	<u>40,875</u>
Disbursements:			
Highways and streets	27,549		27,549
Public safety		7,013	7,013
Total Disbursements	<u>27,549</u>	<u>7,013</u>	<u>34,562</u>
Cash Balance, December 31, 2019	<u>\$ 75,385</u>	<u>\$ 21,113</u>	<u>\$ 96,498</u>

TOWN OF HARRELL, ARKANSAS  
OTHER INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019  
(UNAUDITED)

Schedule 7

1. Cash balances on the Financial Schedules include demand and certificates of deposit.

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

	December 31, 2021	December 31, 2020	December 31, 2019
Land	\$ 21,504	\$ 21,504	\$ 21,504
Buildings	115,076	111,204	111,204
Equipment	<u>319,118</u>	<u>319,118</u>	<u>336,118</u>
Totals	<u>\$ 455,698</u>	<u>\$ 451,826</u>	<u>\$ 468,826</u>

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

	December 31, 2021
American Rescue Plan Act	<u>\$ 25,691</u>