

# **Town of Haynes, Arkansas**

## **Financial and Compliance Report**

**December 31, 2021**

LEGISLATIVE JOINT AUDITING COMMITTEE

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TOWN OF HAYNES, ARKANSAS  
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FOR THE YEAR ENDED DECEMBER 31, 2021

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# Arkansas

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**Sen. John Payton**  
Senate Vice Chair



**Rep. Jimmy Gasaway**  
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 Haynes, 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 Haynes, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated February 14, 2023. These procedures were not performed for the Sewer Fund. 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 relate to the following officials who held office during 2021:

Mayor: Ossie Thomas  
Recorder/Treasurer: Charlotte McFadden  
Police Chief: Sam Blount

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 and Recorder/Treasurer**

Although Schedule 1 of this report shows a balance of \$7,967, it was brought to our attention that as of December 31, 2021, the General Fund owed a significant amount for balances due to the Street Fund and to the Internal Revenue Service. As shown in Note 5 on Schedule 3, when these outstanding amounts were considered, the General Fund had a deficit fund balance of \$31,904. A similar finding was noted in the previous three reports dating back to 2018.

#### **Recorder/Treasurer**

1. Restricted funds of \$19,123 noted in previous years were not transferred from the General Fund to the Street Fund, in noncompliance with Ark. Code Ann. § 14-59-104. A similar finding was noted in the previous five reports dating back to 2013.
2. The bank accounts for the General, Sanitation, and Act 833 Fire Equipment and Training Funds were not properly reconciled, in noncompliance with Ark. Code Ann. § 14-59-108. A similar finding was noted in the previous three reports dating back to 2018.

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  
February 14, 2023  
LOM307721

TOWN OF HAYNES, 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	\$ 3,093	\$ 42,904
Receipts:		
State aid	2,359	11,802
Federal aid		12,949
Property taxes	3,414	790
Franchise fees	965	
Sales taxes	12,837	
Fines, forfeitures, and costs	11,905	
Interest		2
Local permits and fees	1,910	
Donations	1,300	300
Sanitation		12,478
Other	151	
Transfers in		416
Total Receipts	<u>34,841</u>	<u>38,737</u>
Disbursements:		
General government	23,500	
Law enforcement	6,051	
Highways and streets		14,755
Public safety		5,067
Sanitation		12,510
Transfers out	416	
Total Disbursements	<u>29,967</u>	<u>32,332</u>
Cash Balance, December 31, 2021	<u>\$ 7,967</u>	<u>\$ 49,309</u>

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

Schedule 2

	Street	Sanitation	Fire Department	Act 833 Fire Equipment and Training	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	<u>\$ 37,922</u>	<u>\$ 72</u>	<u>\$ 53</u>	<u>\$ 4,857</u>		<u>\$ 42,904</u>
Receipts:						
State aid	11,802					11,802
Federal aid					\$ 12,949	12,949
Property taxes	790					790
Interest	2					2
Donations			300			300
Sanitation		12,478				12,478
Transfers in	416					416
Total Receipts	<u>13,010</u>	<u>12,478</u>	<u>300</u>		<u>12,949</u>	<u>38,737</u>
Disbursements:						
Highways and streets	14,755					14,755
Public safety			290	4,777		5,067
Sanitation		12,510				12,510
Total Disbursements	<u>14,755</u>	<u>12,510</u>	<u>290</u>	<u>4,777</u>		<u>32,332</u>
Cash Balance, December 31, 2021	<u>\$ 36,177</u>	<u>\$ 40</u>	<u>\$ 63</u>	<u>\$ 80</u>	<u>\$ 12,949</u>	<u>\$ 49,309</u>

TOWN OF HAYNES, ARKANSAS  
OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)

Schedule 3

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

	<u>December 31, 2021</u>
Land	\$ 12,179
Buildings	390,000
Equipment	<u>50,202</u>
Total	<u><u>\$ 452,381</u></u>

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

	<u>December 31, 2021</u>
American Rescue Plan Act (ARPA)	<u><u>\$ 12,949</u></u>

5. The schedules included on our Financial and Compliance Reports are typically cash basis. We are including additional information here, as it was brought to our attention that the General Fund owed a significant amount for balances due to the Street Fund and to the Internal Revenue Service (IRS) at December 31, 2021. The information below begins with the cash balances for the General and Street Funds. The computation includes changes to the cash balances for outstanding amounts owed at year end.

	<u>General</u>	<u>Street</u>
Cash balances per accountant's report as of December 31, 2021	\$ 7,967	\$ 36,177
Due to Street Fund	(19,123)	
Due from General Fund		19,123
Due to the IRS*	<u>(20,748)</u>	<u>          </u>
Restated balances as of December 31, 2021	<u><u>\$ (31,904)</u></u>	<u><u>\$ 55,300</u></u>

\*Balance due is for the years 2011-2015, and was obtained from the latest correspondence from the IRS as of August 30, 2020. No payments were noted subsequent to this date.