

# **Town of Haynes, Arkansas**

## **Financial and Compliance Report**

**December 31, 2022**

LEGISLATIVE JOINT AUDITING COMMITTEE

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TOWN OF HAYNES, ARKANSAS  
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FOR THE YEAR ENDED DECEMBER 31, 2022

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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 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, 2022, and have issued our report thereon dated December 21, 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 2022:

Mayor: Ossie Thomas  
Recorder/Treasurer: Charlotte McFadden  
Police Chief: Sam Blount (deceased November 27, 2022)

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 \$4,107, it was brought to our attention that as of December 31, 2022, the General Fund owed significant amounts to the Street Fund and the Internal Revenue Service. As shown in Note 5 on Schedule 3, when these outstanding amounts were considered, the General Fund had a deficit balance of \$34,689. A similar finding was noted in the previous four reports dating back to 2018.

#### **Recorder/Treasurer**

Restricted funds of \$18,048 noted in previous years were not transferred from the General Fund to the Street Fund, in noncompliance with Ark. Code Ann. § 14-59-104. The City Council passed Resolution 2022-001, to pay 10% of general revenues to the Street fund each year until the balance is paid in full, however, only 3% was paid in 2022 to reduce the balance owed to the Street Fund. A similar finding was noted in the previous six reports dating back to 2013.

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  
December 21, 2023  
LOM307722

TOWN OF HAYNES, 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	\$ 7,967	\$ 49,309
Receipts:		
State aid	1,820	13,804
Federal aid		12,949
Property taxes	3,397	617
Franchise fees	891	
Sales taxes	13,953	
Fines, forfeitures, and costs	4,144	
Interest		1
Sanitation		14,608
Insurance proceeds	3,200	
Other	401	
Transfers in		1,075
Total Receipts	<u>27,806</u>	<u>43,054</u>
Disbursements:		
General government	22,312	8,638
Law enforcement	8,279	
Highways and streets		14,711
Public safety		3,351
Sanitation		16,014
Transfers out	1,075	
Total Disbursements	<u>31,666</u>	<u>42,714</u>
Cash Balance, December 31, 2022	<u>\$ 4,107</u>	<u>\$ 49,649</u>

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

Schedule 2

	Street	Sanitation	Fire Department	Act 833 Fire Equipment and Training	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 36,177	\$ 40	\$ 63	\$ 80	\$ 12,949	\$ 49,309
Receipts:						
State aid	10,533			3,271		13,804
Federal aid					12,949	12,949
Property taxes	617					617
Interest	1					1
Sanitation		14,608				14,608
Transfers in	1,075					1,075
Total Receipts	<u>12,226</u>	<u>14,608</u>		<u>3,271</u>	<u>12,949</u>	<u>43,054</u>
Disbursements:						
General government					8,638	8,638
Highways and streets	14,711					14,711
Public safety			11	3,340		3,351
Sanitation		16,014				16,014
Total Disbursements	<u>14,711</u>	<u>16,014</u>	<u>11</u>	<u>3,340</u>	<u>8,638</u>	<u>42,714</u>
Cash Balance, December 31, 2022	<u>\$ 33,692</u>	<u>\$ (1,366)</u>	<u>\$ 52</u>	<u>\$ 11</u>	<u>\$ 17,260</u>	<u>\$ 49,649</u>

TOWN OF HAYNES, ARKANSAS  
OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(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:

	December 31, 2022
Land	\$ 12,179
Buildings	295,000
Equipment	48,000
Total	<u>\$ 355,179</u>

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

	December 31, 2022
American Rescue Plan Act (ARPA)	<u>\$ 12,949</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, 2022. 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.

	General	Street
Cash balances per accountant's report as of December 31, 2022	\$ 4,107	\$ 33,692
Due to Street Fund	(18,048)	
Due from General Fund		18,048
Due to the IRS*	(20,748)	
Restated balances as of December 31, 2022	<u>\$ (34,689)</u>	<u>\$ 51,740</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.