

Town of Haynes, Arkansas

Financial and Compliance Report

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF HAYNES, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2023

Financial and Compliance Report

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Arkansas

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Senate Vice Chair



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House Vice Chair

Kevin William White, CPA, JD
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, 2023, and have issued our report thereon dated September 23, 2024. 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 2023:

Mayor: Ossie Thomas
Recorder/Treasurer: Charlotte McFadden
Police Chief: Vacant

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 \$2,188, it was brought to our attention that as of December 31, 2023, the General Fund owed a significant amount for balances owed to the Street Fund and to the Internal Revenue Service. As shown in Note 4 on Schedule 3, when these outstanding amounts were considered, the General Fund had a deficit fund balance of \$35,394. A similar finding was noted in the previous five reports dating back to 2018.

Mayor

The minutes of the governing body did not document the review of the prior report by the governing body, as required by Ark. Code Ann. § 10-4-418.

Recorder/Treasurer

Restricted funds of \$16,834 noted in previous years were not transferred from the General Fund to the Street Fund, in noncompliance with Ark. Code Ann. § 27-70-207. 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 4.37% of prior year revenues were paid in 2023. A similar finding was noted in the previous seven 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 black ink, appearing to read "Kevin White".

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
September 23, 2024
LOM307723

TOWN OF HAYNES, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Schedule 1

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Cash Balance, January 1, 2023	\$ 4,107	\$ 49,649
Receipts:		
State aid	1,855	17,776
Property taxes	7,611	2,081
Franchise fees	413	
Sales taxes	14,921	
Fines, forfeitures, and costs	702	
Interest		2
Local permits and fees	200	
Sanitation fees		18,262
Donations		2
Other	1,029	15
Transfers in		1,214
Total Receipts	<u>26,731</u>	<u>39,352</u>
Disbursements:		
General government	27,424	15,493
Law enforcement	12	
Highways and streets		26,308
Public safety		15
Sanitation		16,855
Transfers out	1,214	
Total Disbursements	<u>28,650</u>	<u>58,671</u>
Cash Balance, December 31, 2023	<u>\$ 2,188</u>	<u>\$ 30,330</u>

TOWN OF HAYNES, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule 2

	Street	Sanitation	Fire Department	Act 833 Fire Equipment and Training	American Rescue Plan Act	Total
Cash Balance, January 1, 2023	\$ 33,692	\$ (1,366)	\$ 52	\$ 11	\$ 17,260	\$ 49,649
Receipts:						
State aid	10,292			7,484		17,776
Property taxes	2,081					2,081
Interest	2					2
Sanitation fees		18,262				18,262
Donations			2			2
Other				15		15
Transfers in	1,214					1,214
Total Receipts	<u>13,589</u>	<u>18,262</u>	<u>2</u>	<u>7,499</u>		<u>39,352</u>
Disbursements:						
General government					15,493	15,493
Highways and streets	26,308					26,308
Public safety				15		15
Sanitation		16,855				16,855
Total Disbursements	<u>26,308</u>	<u>16,855</u>		<u>15</u>	<u>15,493</u>	<u>58,671</u>
Cash Balance, December 31, 2023	<u>\$ 20,973</u>	<u>\$ 41</u>	<u>\$ 54</u>	<u>\$ 7,495</u>	<u>\$ 1,767</u>	<u>\$ 30,330</u>

TOWN OF HAYNES, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023
Land	\$ 12,179
Buildings	295,000
Equipment	48,000
Total	\$ 355,179

4. 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, 2023. 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, 2023	\$ 2,188	\$ 20,973
Due to Street Fund	(16,834)	
Due from General Fund		16,834
Due to the IRS*	(20,748)	
Restated balances as of December 31, 2023	\$ (35,394)	\$ 37,807

*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.