

Town of Norman, Arkansas

Financial and Compliance Report

December 31, 2023, 2022, and 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF NORMAN, ARKANSAS
TABLE OF CONTENTS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

Financial and Compliance Report

	<u>Schedule</u>
2023	
Schedule of Financial Information (Unaudited)	1
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	2
2022	
Schedule of Financial Information (Unaudited)	3
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	4
2021	
Schedule of Financial Information (Unaudited)	5
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	6
2023, 2022, and 2021	
Other Information (Unaudited)	7

Arkansas



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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

Town of Norman, 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 Norman, Arkansas, as of and for the years ended December 31, 2023, 2022, and 2021, and have issued our report thereon dated January 24, 2025. These procedures were not performed for the Water 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 relate to the following officials who held office during 2023, 2022, and 2021:

Mayor: Tammy Whisenhunt
Recorder/Treasurer: Karen Tardiff (appointed June 20, 2023)
Ashley Collins McKamie (appointed October 7, 2021)
Jacqueline Borden (resigned October 7, 2021)

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

An audit or agreed upon procedures report and compilation has not been obtained for the Water and Sewer Departments for the years 2022, 2021, and 2020, as required by Ark. Code Ann. § 14-234-119.

The governing body did not review the prior year report and accompanying comments at the first regularly scheduled meeting following receipt of the report, in noncompliance with Ark. Code Ann. § 10-4-418.

The 2023, 2022, and 2021 budgets were not adopted by ordinance or resolution as required by Ark. Code Ann. § 14-58-202.

Recorder/Treasurer

Accounting procedures for municipalities are set forth in the Municipal Accounting Law, Ark. Code Ann. §§ 14-59-101 – 14-59-119. The Town was in noncompliance with these codes during fiscal years 2023, 2022, and 2021 as noted below:

- Bank accounts were not properly reconciled, and reconciliations were not approved by a municipal official or employee, other than the person preparing the bank statement. A similar finding was noted in the prior report.
- Prenumbered receipts were not issued for all funds received.
- Cash receipts and disbursements journals were not provided or properly maintained for all funds.
- Annual financial statements were not prepared and posted.
- Adequate supporting documentation was not maintained for \$10,508 (33%) of disbursements tested for 2022. A similar finding was noted in the prior report.
- Prenumbered checks were not issued for all disbursements.
- A fixed asset listing was established but did not include additions and deletions.
- Minutes, ordinances, and resolutions were not readily available for inspection.
- The first quarter 2022 Internal Revenue Service (IRS) quarterly 941 report was not available for inspection.
- Timesheets for 2023 and 2022 were not available for inspection.
- The Recorder/Treasurer presented monthly financial reports to the Council; however, receipts, disbursements, and balances on hand were not presented for all funds, and amounts presented were not accurate.

Recorder/Treasurer (Continued)

We noted the following issues during our review of payroll records:

- Arkansas Department of Finance and Administration form AR3 was not prepared for 2023, 2022, and 2021.
- Salary payments to the Mayor, Recorder/Treasurer, and various employees were reported on Internal Revenue Service (IRS) form Misc-1099 rather than the IRS Form W-2. Additionally, compensation reported did not reconcile to amounts paid.

Property taxes restricted for street purposes of \$3,040 and \$2,854 in 2022 and 2021, respectively, were not transferred into the Street Fund, as required by Ark. Code Ann. § 26-79-104.

Mayor and Recorder/Treasurer

Restricted funds were expended from the Street Fund as noted below:

- \$4,252, \$1,272, and \$7,120, in 2023, 2022, and 2021, respectively, for General Fund expenditures.
- \$100 and \$3,853 in 2023 and 2021, respectively, for Water and Sewer Fund expenditures.

As shown in Note 5 on Schedule 7 of this report, when the amount due to the Street Fund was considered, the General Fund had a deficit balance of \$369 and \$1,680 at December 31, 2023, and December 31, 2021, respectively. As of report date, the Town has not established a plan to repay the Street Fund in noncompliance with Ark. Code Ann. § 27-70-207.

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



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
January 24, 2025
LOM311523

TOWN OF NORMAN, 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	<u>\$ 11,185</u>	<u>\$ 72,731</u>
Receipts:		
State aid	302	39,932
Federal aid		218,916
Property taxes	9,620	2,770
Sales taxes	29,127	52,511
Other		25,000
Unclassified	<u>20,238</u>	<u>32,616</u>
Total Receipts	<u>59,287</u>	<u>371,745</u>
Disbursements:		
Contribution to water department	18,947	12,342
Debt service		8,260
Unclassified	<u>47,642</u>	<u>325,463</u>
Total Disbursements	<u>66,589</u>	<u>346,065</u>
Cash Balance, December 31, 2023	<u>\$ 3,883</u>	<u>\$ 98,411</u>

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

Schedule 2

	Street	Fire Department	Fire Equipment and Training (Act 833)	Solid Waste	Fire Equipment Grant	Community Development Block Grant	American Rescue Plan Act	Total
Cash Balance, January 1, 2023	\$ 6,950	\$ 19,714	\$ 11,575	\$ 18,340		\$ 109	\$ 16,043	\$ 72,731
Receipts:								
State aid	25,560		14,372					39,932
Federal aid		2,500				216,416		218,916
Property taxes	2,770							2,770
Sales taxes		14,075		38,436				52,511
Other					\$ 25,000			25,000
Unclassified		14,901		17,715				32,616
Total Receipts	<u>28,330</u>	<u>31,476</u>	<u>14,372</u>	<u>56,151</u>	<u>25,000</u>	<u>216,416</u>		<u>371,745</u>
Disbursements:								
Contribution to water department				12,342				12,342
Debt service	3,828		4,432					8,260
Unclassified	23,526	13,775	5,220	50,494		216,416	16,032	325,463
Total Disbursements	<u>27,354</u>	<u>13,775</u>	<u>9,652</u>	<u>62,836</u>		<u>216,416</u>	<u>16,032</u>	<u>346,065</u>
Cash Balance, December 31, 2023	<u>\$ 7,926</u>	<u>\$ 37,415</u>	<u>\$ 16,295</u>	<u>\$ 11,655</u>	<u>\$ 25,000</u>	<u>\$ 109</u>	<u>\$ 11</u>	<u>\$ 98,411</u>

TOWN OF NORMAN, ARKANSAS
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (UNAUDITED)

Schedule 3

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2022	\$ 8,294	\$ 94,290
Receipts:		
State aid	302	39,227
Federal aid		37,685
Property taxes	13,451	
Sales taxes	25,873	50,727
Transfers in		130
Unclassified	15,124	69,123
Total Receipts	54,750	196,892
Disbursements:		
Contribution to water department	6,544	33,941
Debt service		9,406
Transfers out	130	
Unclassified	45,185	175,104
Total Disbursements	51,859	218,451
Cash Balance, December 31, 2022	\$ 11,185	\$ 72,731

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

Schedule 4

	<u>Street</u>	<u>Fire Department</u>	<u>Fire Equipment and Training (Act 833)</u>	<u>Solid Waste</u>	<u>Community Development Block Grant</u>	<u>American Rescue Plan Act</u>	<u>Total</u>
Cash Balance, January 1, 2022	\$ 13,143	\$ 13,481	\$ 7,125	\$ 23,139		\$ 37,402	\$ 94,290
Receipts:							
State aid	26,160		13,067				39,227
Federal aid					\$ 186	37,499	37,685
Sales taxes		12,937		37,790			50,727
Transfers in					130		130
Unclassified	19	15,301		53,803			69,123
Total Receipts	<u>26,179</u>	<u>28,238</u>	<u>13,067</u>	<u>91,593</u>	<u>316</u>	<u>37,499</u>	<u>196,892</u>
Disbursements:							
Contribution to water department				33,941			33,941
Debt service	2,521		4,432	2,453			9,406
Unclassified	29,851	22,005	4,185	59,998	207	58,858	175,104
Total Disbursements	<u>32,372</u>	<u>22,005</u>	<u>8,617</u>	<u>96,392</u>	<u>207</u>	<u>58,858</u>	<u>218,451</u>
Cash Balance, December 31, 2022	<u>\$ 6,950</u>	<u>\$ 19,714</u>	<u>\$ 11,575</u>	<u>\$ 18,340</u>	<u>\$ 109</u>	<u>\$ 16,043</u>	<u>\$ 72,731</u>

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

Schedule 5

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Cash Balance, January 1, 2021	\$ 9,850	\$ 83,511
Receipts:		
State aid	399	41,642
Federal aid	98	37,402
Property taxes	12,742	
Sales taxes	28,522	53,221
Unclassified	19,499	38,825
Total Receipts	<u>61,260</u>	<u>171,090</u>
Disbursements:		
Public safety		50
Contribution to water department	27,770	5,878
Debt service		11,064
Unclassified	35,046	143,319
Total Disbursements	<u>62,816</u>	<u>160,311</u>
Cash Balance, December 31, 2021	<u>\$ 8,294</u>	<u>\$ 94,290</u>

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

Schedule 6

	Street	Fire Department	Fire Equipment and Training (Act 833)	Solid Waste	Fire Truck Grant	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 41,396	\$ 8,433	\$ 8,417	\$ 25,215	\$ 50		\$ 83,511
Receipts:							
State aid	29,652		11,990				41,642
Federal aid						\$ 37,402	37,402
Sales taxes		14,260		38,961			53,221
Unclassified	300	17,616		20,909			38,825
Total Receipts	<u>29,952</u>	<u>31,876</u>	<u>11,990</u>	<u>59,870</u>		<u>37,402</u>	<u>171,090</u>
Disbursements:							
Public safety					50		50
Contribution to water department				5,878			5,878
Debt service	3,616	1,527	2,585	3,336			11,064
Unclassified	54,589	25,301	10,697	52,732			143,319
Total Disbursements	<u>58,205</u>	<u>26,828</u>	<u>13,282</u>	<u>61,946</u>	<u>50</u>		<u>160,311</u>
Cash Balance, December 31, 2021	<u>\$ 13,143</u>	<u>\$ 13,481</u>	<u>\$ 7,125</u>	<u>\$ 23,139</u>	<u>\$ 0</u>	<u>\$ 37,402</u>	<u>\$ 94,290</u>

TOWN OF NORMAN, ARKANSAS
 OTHER INFORMATION
 FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021
 (UNAUDITED)

1. Cash balances on the Financial Schedules include demand and savings accounts.

2. Cash balances at year-end in the custodial fund are as follows:

	December 31, 2023	December 31, 2022	December 31, 2021
Payroll Fund	\$ 2,007	\$ 1,942	\$ 2,584

These balances represent payroll taxes that have not been transferred to the appropriate entities.

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

	December 31, 2023	December 31, 2022	December 31, 2021
Land and Buildings	\$ 100,000	\$ 100,000	\$ 100,000
Equipment	216,741	216,741	216,741
Totals	\$ 316,741	\$ 316,741	\$ 316,741

4. Outstanding balances at year-end for long-term liabilities are as follows:

	December 31, 2023	December 31, 2022	December 31, 2021
Financed purchases	\$ 26,026	\$ 10,837	\$ 25,307

TOWN OF NORMAN, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021
(UNAUDITED)

Schedule 7

5. The schedules included in our Financial and Compliance Reports are typically cash basis. We are including additional information here, as it came to our attention in prior reports, that various restricted funds were deposited into or expended from the wrong bank accounts. The information below begins with the cash balance per Schedules 1, 2, 5 and 6 of this report. The computation includes increases and decreases to cash balances for amounts due to and due from funds within the Town. The Town previously agreed for the General Fund to repay the Street Fund \$300 per year; however, no payments have been made since 2013.

	General	Street
Cash balances per Schedules as of December 31, 2023	\$ 3,883	\$ 7,926
Due from General Fund	(4,252)	
Due to Street Fund		4,252
Due from Water and Sewer Fund		100
	<u>\$ (369)</u>	<u>\$ 12,278</u>

	General	Street
Cash balances per Schedules as of December 31, 2021	\$ 8,294	\$ 13,143
Due from General Fund	(9,974)	
Due to Street Fund		9,974
Due from Water and Sewer Fund		3,853
	<u>\$ (1,680)</u>	<u>\$ 26,970</u>

6. 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)	<u>\$ 37,499</u>	<u>\$ 37,402</u>