

Town of Patmos, Arkansas

Financial and Compliance Report

December 31, 2023, 2022, and 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF PATMOS, ARKANSAS
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Arkansas

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Senate Chair
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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 Patmos, 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 Patmos, Arkansas, as of and for the years ended December 31, 2023, 2022, and 2021, and have issued our report thereon dated August 15, 2024. 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 2023, 2022, and 2021:

Mayor: Glenn Peters (Elected January 1, 2023)
Melissa Rhodes (January 1, 2021 through December 31, 2022)
Recorder/Treasurer: Randy Peters

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 the **Mayor** and **Recorder/Treasurer**.

Mayor

The Town was in noncompliance with Ark. Code Ann. § 14-58-203 as noted below:

- Street Fund disbursements exceeded budgeted appropriations by \$1,098 (24%) in 2023, \$1,427 (32%) in 2022, and \$1,248 (28%) in 2021.
- General Fund disbursements exceeded budgeted appropriations by \$8,598 (47%) in 2021.

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.

For the years 2023, 2022, and 2021, the town council was comprised of only two council members, three less than the required number for incorporated towns as specified in Ark. Code Ann. § 14-45-101(a). Continuing from December 2023 through formulation of this report, there were no town council members. For an incorporated town, Ark. Code Ann. § 14-45-101(b) requires a minimum of three council members to constitute a quorum for the transaction of business.

Recorder/Treasurer

Prenumbered receipts were not issued for revenues in the General, Street, Fire Department, and American Rescue Plan Act Funds in 2023, 2022, and 2021 and the Community Park Fund in 2021, as required by Ark. Code Ann. § 14-59-109. A similar finding was issued in the prior report.

Salaries paid to officials were reported to the Internal Revenue Service (IRS) on IRS Form 1099 instead of IRS Form W-2. A similar finding was issued in the prior report.

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" with a stylized flourish at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
August 15, 2024
LOM312423

TOWN OF PATMOS, 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	\$ 1,751	\$ 26,734
Receipts:		
State aid	867	27,724
Property taxes	448	168
Sales taxes	12,577	
Donations		5,293
Fundraiser income		5,647
Other	1,731	6,810
Total Receipts	<u>15,623</u>	<u>45,642</u>
Disbursements:		
General government	1,383	
Highways and streets		5,548
Public safety		26,095
Sanitation	11,831	
Recreation and culture	781	4,968
Debt service	2,299	11,967
Unclassified	1	106
Total Disbursements	<u>16,295</u>	<u>48,684</u>
Cash Balance, December 31, 2023	<u>\$ 1,079</u>	<u>\$ 23,692</u>

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

Schedule 2

	Street	Fire Department	Community Park	American Rescue Plan Act	Total
Cash Balance, January 1, 2023	\$ 742	\$ 25,800	\$ 19	\$ 173	\$ 26,734
Receipts:					
State aid	4,808	22,916			27,724
Property taxes	168				168
Donations		345	4,948		5,293
Fundraiser income		5,647			5,647
Other		6,764		46	6,810
Total Receipts	<u>4,976</u>	<u>35,672</u>	<u>4,948</u>	<u>46</u>	<u>45,642</u>
Disbursements:					
Highways and streets	5,548				5,548
Public safety		26,095			26,095
Recreation and culture			4,855	113	4,968
Debt service		11,967			11,967
Unclassified				106	106
Total Disbursements	<u>5,548</u>	<u>38,062</u>	<u>4,855</u>	<u>219</u>	<u>48,684</u>
Cash Balance, December 31, 2023	<u>\$ 170</u>	<u>\$ 23,410</u>	<u>\$ 112</u>	<u>\$ 0</u>	<u>\$ 23,692</u>

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

Schedule 3

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2022	\$ 2,224	\$ 25,264
Receipts:		
State aid	850	24,640
Federal aid		6,215
Property taxes	470	162
Sales taxes	13,796	
Donations		7,429
Fundraiser income		8,930
Grant proceeds		7,312
Membership dues		35
Other	188	448
Loan proceeds		19,500
Unclassified		1
Total Receipts	<u>15,304</u>	<u>74,672</u>
Disbursements:		
General government	3,062	
Highways and streets		5,877
Public safety		51,064
Sanitation	2,454	8,072
Recreation and culture	7,177	5,966
Debt service	3,084	1,899
Unclassified		324
Total Disbursements	<u>15,777</u>	<u>73,202</u>
Cash Balance, December 31, 2022	<u>\$ 1,751</u>	<u>\$ 26,734</u>

TOWN OF PATMOS, 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>Community Park</u>	<u>American Rescue Plan Act</u>	<u>Total</u>
Cash Balance, January 1, 2022	\$ 1,186	\$ 17,669	\$ 225	\$ 6,184	\$ 25,264
Receipts:					
State aid	4,921	19,719			24,640
Federal aid				6,215	6,215
Property taxes	162				162
Donations		5,500	1,929		7,429
Fundraiser income		8,930			8,930
Grant proceeds		7,312			7,312
Membership dues		35			35
Other	350	98			448
Loan proceeds		19,500			19,500
Unclassified				1	1
Total Receipts	<u>5,433</u>	<u>61,094</u>	<u>1,929</u>	<u>6,216</u>	<u>74,672</u>
Disbursements:					
Highways and streets	5,877				5,877
Public safety		51,064			51,064
Sanitation				8,072	8,072
Recreation and culture			2,135	3,831	5,966
Debt service		1,899			1,899
Unclassified				324	324
Total Disbursements	<u>5,877</u>	<u>52,963</u>	<u>2,135</u>	<u>12,227</u>	<u>73,202</u>
Cash Balance, December 31, 2022	<u>\$ 742</u>	<u>\$ 25,800</u>	<u>\$ 19</u>	<u>\$ 173</u>	<u>\$ 26,734</u>

TOWN OF PATMOS, 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	\$ 7,441	\$ 12,270
Receipts:		
State aid	953	24,340
Federal aid		6,199
Property taxes	517	160
Sales taxes	19,927	
Donations		2,500
Other	24	98
Unclassified		1
Total Receipts	<u>21,421</u>	<u>33,298</u>
Disbursements:		
General government	6,246	
Highways and streets		5,698
Public safety		12,111
Sanitation	10,497	
Recreation and culture	8,352	1,055
Debt service	1,542	1,425
Unclassified	1	15
Total Disbursements	<u>26,638</u>	<u>20,304</u>
Cash Balance, December 31, 2021	<u>\$ 2,224</u>	<u>\$ 25,264</u>

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

Schedule 6

	Street	Fire Department	Community Park	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 1,589	\$ 10,677	\$ 4		\$ 12,270
Receipts:					
State aid	5,135	19,205			24,340
Federal aid				\$ 6,199	6,199
Property taxes	160				160
Donations		1,225	1,275		2,500
Other		98			98
Unclassified			1		1
Total Receipts	<u>5,295</u>	<u>20,528</u>	<u>1,276</u>	<u>6,199</u>	<u>33,298</u>
Disbursements:					
Highways and streets	5,698				5,698
Public safety		12,111			12,111
Recreation and culture			1,055		1,055
Debt service		1,425			1,425
Unclassified				15	15
Total Disbursements	<u>5,698</u>	<u>13,536</u>	<u>1,055</u>	<u>15</u>	<u>20,304</u>
Cash Balance, December 31, 2021	<u>\$ 1,186</u>	<u>\$ 17,669</u>	<u>\$ 225</u>	<u>\$ 6,184</u>	<u>\$ 25,264</u>

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

Schedule 7

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	\$ 13,250	\$ 13,250	\$ 13,250
Buildings	176,498	176,498	176,498
Equipment	<u>216,677</u>	<u>216,677</u>	<u>216,677</u>
Totals	<u>\$ 406,425</u>	<u>\$ 406,425</u>	<u>\$ 406,425</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financed purchases	<u>\$ 34,759</u>	<u>\$ 46,231</u>	<u>\$ 6,172</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
American Rescue Plan Act (ARPA)	<u>\$ 6,215</u>	<u>\$ 6,199</u>