

Town of Pyatt, Arkansas

Financial and Compliance Report

December 31, 2022 and 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF PYATT, ARKANSAS
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Sen. John Payton
Senate Vice Chair

Rep. Jimmy Gazaway
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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 Pyatt, 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 Pyatt, Arkansas, as of and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated October 2, 2023. These procedures were not performed for the Water 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 2022 and 2021:

Mayor: Ken Hancock
Recorder/Treasurer: Kim Sullivan

We evaluated the Town's compliance with certain state laws concerning general 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

General and Street Fund budgets for 2022 and 2021 were not provided, in noncompliance with Ark. Code Ann. §§ 14-58-201 - 14-58-203, 14-59-114. A similar finding was noted in the previous seven reports dating back to 2003.

Recorder/Treasurer

1. Cash receipts and disbursements journals were not provided, as required by Ark. Code Ann. §§ 14-59-110, -111. A similar finding was noted in the previous report.
2. Prenumbered receipts were not issued for all funds received, as required by Ark. Code Ann. § 14-59-109.
3. The following issues were noted while reviewing the Town's payroll process:
 - Payroll records, Internal Revenue Service (IRS) Quarterly 941 Forms, IRS W-2 Forms, IRS W-3 Forms, and Arkansas Department of Finance and Administration (DFA) Form AR3 were not provided for 2022 and 2021, in noncompliance with Ark. Code Ann. § 14-59-114.
 - We were unable to determine if salaries paid to the Mayor and Recorder/Treasurer were properly authorized because budgets and council minutes were not provided for 2022 and 2021. A similar finding was noted in the previous four reports dating back to 2009.
4. Disbursements were not always made by prenumbered check and the electronic disbursements were made without proper approval from the governing body, as required by Ark. Code Ann. § 14-59-105. A similar finding was noted in the previous two reports dating back to 2015.
5. Annual financial statements were not prepared and posted, as required by Ark. Code Ann. § 14-59-116.

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



Roger A. Norman, JD, CPA, CFE, CFF
Legislative Auditor

Little Rock, Arkansas
October 2, 2023
LOM313422

TOWN OF PYATT, 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	\$ 12,851	\$ 62,108
Receipts:		
State aid	2,700	15,627
Federal aid		24,917
Property taxes	6,150	1,848
Franchise fees	6,046	
Sales taxes	45,941	
Interest	2	2
Other		8,000
Transfers in		316
Unclassified	1,490	
Total Receipts	62,329	50,710
Disbursements:		
Highways and streets		12,559
Debt service	7,952	
Transfers out	316	
Unclassified	34,760	15,278
Total Disbursements	43,028	27,837
Cash Balance, December 31, 2022	\$ 32,152	\$ 84,981

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

Schedule 2

	<u>Street</u>	<u>American Rescue Plan Act</u>	<u>Total</u>
Cash Balance, January 1, 2022	\$ 38,282	\$ 23,826	\$ 62,108
Receipts:			
State aid	15,627		15,627
Federal aid	1,091	23,826	24,917
Property taxes	1,848		1,848
Interest	2		2
Other	8,000		8,000
Transfers in	316		316
Total Receipts	<u>26,884</u>	<u>23,826</u>	<u>50,710</u>
Disbursements:			
Highways and streets	12,559		12,559
Unclassified		15,278	15,278
Total Disbursements	<u>12,559</u>	<u>15,278</u>	<u>27,837</u>
Cash Balance, December 31, 2022	<u>\$ 52,607</u>	<u>\$ 32,374</u>	<u>\$ 84,981</u>

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

Schedule 3

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2021	\$ 8,455	\$ 31,187
Receipts:		
State aid	3,479	17,413
Federal aid		23,826
Property taxes	5,927	1,779
Franchise fees	6,201	
Sales taxes	45,979	
Interest	1	1
Unclassified	475	
Total Receipts	<u>62,062</u>	<u>43,019</u>
Disbursements:		
Highways and streets		12,098
Debt service	7,296	
Unclassified	50,370	
Total Disbursements	<u>57,666</u>	<u>12,098</u>
Cash Balance, December 31, 2021	<u>\$ 12,851</u>	<u>\$ 62,108</u>

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

Schedule 4

	<u>Street</u>	<u>American Rescue Plan Act</u>	<u>Total</u>
Cash Balance, January 1, 2021	<u>\$ 31,187</u>		<u>\$ 31,187</u>
Receipts:			
State aid	17,413		17,413
Federal aid		\$ 23,826	23,826
Property taxes	1,779		1,779
Interest	1		1
Total Receipts	<u>19,193</u>	<u>23,826</u>	<u>43,019</u>
Disbursements:			
Highways and streets	<u>12,098</u>		<u>12,098</u>
Cash Balance, December 31, 2021	<u>\$ 38,282</u>	<u>\$ 23,826</u>	<u>\$ 62,108</u>

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

Schedule 5

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, 2022</u>	<u>December 31, 2021</u>
Land	\$ 104,000	\$ 104,000
Buildings	182,000	182,000
Equipment	<u>25,000</u>	<u>25,000</u>
Totals	<u>\$ 311,000</u>	<u>\$ 311,000</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Notes payable	<u>\$ 23,677</u>	<u>\$ 29,830</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>\$ 23,826</u>	<u>\$ 23,826</u>