

Town of Reed, Arkansas

Financial and Compliance Report

December 31, 2023 and 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF REED, ARKANSAS
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Arkansas

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Sen. Jim Dotson
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Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

Town of Reed, 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 Reed, Arkansas, as of and for the years ended December 31, 2023 and 2022, and have issued our report thereon dated March 26, 2025. These procedures were not performed for the Water and Sewer Funds. 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 and 2022:

Mayor: Lawrence Barnes
Treasurer: Annie Dancy

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 **Treasurer**.

Mayor and Treasurer

Restricted Street Fund monies were used to pay for Water and Sewer Fund expenses of \$2,058, in noncompliance with Ark. Code Ann. §§ 26-79-104, 27-70-207.

Invoices and supporting documentation were not provided for tested disbursements in 2023 and 2022 totaling \$1,433 (5%) and \$811 (12%) respectively, in noncompliance with Ark. Code Ann. § 14-59-105; therefore, the validity of these disbursements could not be determined.

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
March 26, 2025
LOM313823

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

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2023	\$ 11,097	\$ 26,549
Receipts:		
State aid	1,977	11,056
Property taxes	2,592	520
Franchise fees	6,487	
Sales taxes	26,874	
Fines, forfeitures, and costs	4	
Sanitation fees	3,581	
Other	1,236	1,200
Transfers in		250
Unclassified	1,477	758
Total Receipts	<u>44,228</u>	<u>13,784</u>
Disbursements:		
General government	51,188	
Law enforcement	175	
Highways and streets		15,001
Public safety		1,610
Wastewater		15,228
Transfers out	250	
Total Disbursements	<u>51,613</u>	<u>31,839</u>
Cash Balance, December 31, 2023	<u>\$ 3,712</u>	<u>\$ 8,494</u>

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

Schedule 2

	Street	Volunteer Fire	American Rescue Plan Act (ARPA)	Total
Cash Balance, January 1, 2023	\$ 10,686	\$ 635	\$ 15,228	\$ 26,549
Receipts:				
State aid	11,056			11,056
Property taxes	520			520
Other		1,200		1,200
Transfers in	250			250
Unclassified	758			758
Total Receipts	<u>12,584</u>	<u>1,200</u>		<u>13,784</u>
Disbursements:				
Highways and streets	15,001			15,001
Public safety		1,610		1,610
Wastewater			15,228	15,228
Total Disbursements	<u>15,001</u>	<u>1,610</u>	<u>15,228</u>	<u>31,839</u>
Cash Balance, December 31, 2023	<u>\$ 8,269</u>	<u>\$ 225</u>	<u>\$ 0</u>	<u>\$ 8,494</u>

TOWN OF REED, 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	\$ 14,417	\$ 12,287
Receipts:		
State aid	1,939	11,224
Federal aid		15,228
Property taxes	2,052	430
Franchise fees	5,998	
Sales taxes	27,471	
Fines, forfeitures, and costs	1,183	
Sanitation fees	3,320	
Other	1,560	2,030
Transfers in		650
Total Receipts	<u>43,523</u>	<u>29,562</u>
Disbursements:		
General government	44,048	
Law enforcement	1,044	
Highways and streets		13,575
Public safety		1,725
Contributions to water and sewer	1,101	
Transfers out	650	
Total Disbursements	<u>46,843</u>	<u>15,300</u>
Cash Balance, December 31, 2022	<u>\$ 11,097</u>	<u>\$ 26,549</u>

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

Schedule 4

	Street	Volunteer Fire	American Rescue Plan Act (ARPA)	Total
Cash Balance, January 1, 2022	\$ 11,807	\$ 480		\$ 12,287
Receipts:				
State aid	11,224			11,224
Federal aid			\$ 15,228	15,228
Property taxes	430			430
Other	150	1,880		2,030
Transfers in	650			650
Total Receipts	<u>12,454</u>	<u>1,880</u>	<u>15,228</u>	<u>29,562</u>
Disbursements:				
Highways and streets	13,575			13,575
Public safety		1,725		1,725
Total Disbursements	<u>13,575</u>	<u>1,725</u>		<u>15,300</u>
Cash Balance, December 31, 2022	<u>\$ 10,686</u>	<u>\$ 635</u>	<u>\$ 15,228</u>	<u>\$ 26,549</u>

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

Schedule 5

1. Cash balances on the Financial Schedules include demand accounts.
2. The General Fund column on the Financial Schedules includes the following bank accounts:
General Fund and General Fund II Police.
3. The Municipality's capital assets records are summarized below:

	December 31, 2023	December 31, 2022
	<u> </u>	<u> </u>
Land	\$ 46,000	\$ 46,000
Buildings	174,000	174,000
Equipment	<u>204,889</u>	<u>204,889</u>
Totals	<u><u>\$ 424,889</u></u>	<u><u>\$ 424,889</u></u>

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

	December 31, 2022
	<u> </u>
American Rescue Plan Act (ARPA)	<u><u>\$ 15,228</u></u>