

Town of Montrose, Arkansas

Financial and Compliance Report

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF MONTROSE, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2022

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Arkansas

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Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
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 Montrose, 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 Montrose, Arkansas, as of and for the year ended December 31, 2022, and have issued our report thereon dated April 2, 2024. These procedures were not performed for the Water and Sewer departments. 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:

Mayor: Joseph Carlton
Recorder/Treasurer: Cindy Friend

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

Street Fund disbursements exceeded budgeted appropriations by \$11,852 (130%), in noncompliance with Ark. Code Ann. § 14-58-203. A similar finding was issued in the previous report.

Mayor and Recorder/Treasurer

A review of payroll records revealed the Treasurer was paid \$625 in excess of her appropriated salary for additional duties performed.

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 cursive script that reads "Roger A. Norman".

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

Little Rock, Arkansas
April 2, 2024
LOM320722

TOWN OF MONTROSE, 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	\$ 8,867	\$ 33,454
Receipts:		
State aid	3,625	32,904
Federal aid		31,491
Property taxes	8,038	1,447
Franchise fees	11,228	
Sales taxes	39,180	
Fines, forfeitures, and costs		2,350
Local permits and fees	110	180
Proceeds from financed purchase	3,100	
Mosquito fees	2,118	
Sanitation fees	21,585	
Contributions from water and sewer	9,178	
Other	7,621	2,839
Transfers in	8,500	1,495
Unclassified	40	450
Total Receipts	<u>114,323</u>	<u>73,156</u>
Disbursements:		
General government	67,814	19,038
Law enforcement		115
Highways and streets	1,690	20,902
Public safety	7,492	2,628
Sanitation	15,377	
Recreation and culture	2,739	24
Wastewater	1,178	13,539
Debt service	4,655	
Transfers out	9,556	439
Unclassified	1,292	84
Total Disbursements	<u>111,793</u>	<u>56,769</u>
Cash Balance, December 31, 2022	<u>\$ 11,397</u>	<u>\$ 49,841</u>

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

Schedule 2

	Street	ACT 833	Criminal Justice	Fire Dept.	Community Center	Fire Wise	Siren	American Rescue Plan Act	Tractor	Total
Cash Balance, January 1, 2022	\$ 2,863	\$ 15,295	\$ 268	\$ 974	\$ 82	\$ 442	\$ 191	\$ 13,339		\$ 33,454
Receipts:										
State aid	20,980	11,924								32,904
Federal aid								31,491		31,491
Property taxes	871		40	536						1,447
Fines, forfeitures, and costs			2,350							2,350
Local permits and fees					180					180
Other				221				2,608	\$ 10	2,839
Transfers in	600			895						1,495
Unclassified		450								450
Total Receipts	<u>22,451</u>	<u>12,374</u>	<u>2,390</u>	<u>1,652</u>	<u>180</u>			<u>34,099</u>	<u>10</u>	<u>73,156</u>
Disbursements:										
General government								19,038		19,038
Law enforcement			115							115
Highways and streets	20,902									20,902
Public safety		2,597				31				2,628
Recreation and culture					24					24
Wastewater								13,539		13,539
Transfers out					238		191		10	439
Unclassified	84									84
Total Disbursements	<u>20,986</u>	<u>2,597</u>	<u>115</u>		<u>262</u>	<u>31</u>	<u>191</u>	<u>32,577</u>	<u>10</u>	<u>56,769</u>
Cash Balance, December 31, 2022	<u>\$ 4,328</u>	<u>\$ 25,072</u>	<u>\$ 2,543</u>	<u>\$ 2,626</u>	<u>\$ 0</u>	<u>\$ 411</u>	<u>\$ 0</u>	<u>\$ 14,861</u>	<u>\$ 0</u>	<u>\$ 49,841</u>

TOWN OF MONTROSE, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand and savings accounts
2. The General Fund column on the Financial Schedules includes the following bank accounts:
General, Sales Tax, Heritage Festival, Mosquito Abatement, Sanitation, Special, and Designate
3. The cash balance at year-end in the custodial fund is as follows:

	December 31, 2022
	<u> </u>
Check Free Pay	\$ 1,094

This balance represent bill payments that have not been withdrawn by the appropriate retailers.

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

	December 31, 2022
	<u> </u>
Land	\$ 94,500
Buildings	294,000
Equipment	<u>502,135</u>
Total	<u><u>\$ 890,635</u></u>

5. The outstanding balance at year-end for long-term liabilities is as follows:

	December 31, 2022
	<u> </u>
Financed purchase	<u><u>\$ 1,226</u></u>

6. 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>\$ 31,491</u></u>