

City of Hardy, Arkansas

Financial and Compliance Report

December 31, 2017

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HARDY, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Financial and Compliance Report

Schedule

Schedule of Financial Information (Unaudited)

1

Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)

2

Other Information (Unaudited)

3

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Legislative Auditor

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LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Hardy, 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 City of Hardy, Arkansas, as of and for the year ended December 31, 2017, and have issued our report thereon dated July 19, 2018. These procedures were not performed for the Water and Sewer Department. Management of the City 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 2017:

Mayor: Jason Jackson
Recorder/Treasurer: Miranda Hobbs (resigned August 1, 2017)
Greg Bess (appointed September 5, 2017)
Police Chief: Scott Rose (terminated January 5, 2017)
Tamara Taylor (appointed January 5, 2017)

We evaluated the City's compliance with certain state laws concerning general and district court accounting, budgeting, purchasing, and investing and depositing of public funds.

Our procedures indicated that the office of **Police Chief** was in substantial compliance with Arkansas fiscal and financial laws. Noncompliance with state law and accepted accounting practices was noted in the offices of **Mayor and Recorder/Treasurer**.

Mayor and Recorder/Treasurer

The City paid charges of \$342 made on the Mayor's credit card without documentation or inadequate documentation, in noncompliance with Ark. Code Ann. § 14-59-105. Also, without a documented business purpose, the City paid charges totaling \$838 for food or meals (\$279), fuel (\$418), and a rental car (\$141) that are suspect under the "public purpose" doctrine. Credit card statements reviewed included interest charges and late fees totaling \$122.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local City 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
July 19, 2018
LOM207817

CITY OF HARDY, ARKANSAS
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2017	\$ 439,174	\$ 191,650
Receipts:		
State aid	27,993	53,107
Federal aid	4,500	
Property taxes	52,844	259
Franchise fees	54,177	
Sales taxes	322,450	
Fines, forfeitures, and costs	28,358	
Interest	438	110
Local permits and fees	80,185	
Advertising and promotion taxes		109,425
Grant revenue	14,000	
Donations	4,271	
Other	34,761	200
Transfers in		11,387
Total Receipts	<u>623,977</u>	<u>174,488</u>
Disbursements:		
General government	299,297	
Law enforcement	209,667	
Highways and streets		9,809
Public safety	49,065	
Advertising and promotion		80,028
Recreation and culture	55,465	
Debt service		50,000
Transfers out	11,387	
Contributions to water department	5,226	
Total Disbursements	<u>630,107</u>	<u>139,837</u>
Cash Balance, December 31, 2017	<u>\$ 433,044</u>	<u>\$ 226,301</u>

CITY OF HARDY, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (UNAUDITED)

Schedule 2

	Street	Advertising & Promotion	Total
Cash Balance, January 1, 2017	\$ 47,560	\$ 144,090	\$ 191,650
Receipts:			
State aid	53,107		53,107
Property taxes	259		259
Interest	59	51	110
Advertising and promotion taxes		109,425	109,425
Other	200		200
Transfers in	11,387		11,387
Total Receipts	<u>65,012</u>	<u>109,476</u>	<u>174,488</u>
Disbursements:			
Highways and streets	9,809		9,809
Advertising and promotion		80,028	80,028
Debt service		50,000	50,000
Total Disbursements	<u>9,809</u>	<u>130,028</u>	<u>139,837</u>
Cash Balance, December 31, 2017	<u>\$ 102,763</u>	<u>\$ 123,538</u>	<u>\$ 226,301</u>

CITY OF HARDY, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

1. Cash balances on the Financial Schedules include demand accounts and certificates of deposit.
2. The General Fund column on the Financial Schedules includes the following bank accounts:
General, End of Year, Fire Department Capital Improvement, Park Maintenance, Fire Equipment and Training, Federal Emergency Management Agency Sewer Fund, Capital Reserve, and Grant Fund

3. The cash balance at year-end in the agency fund is as follows:

	December 31, 2017
Payroll Fund	<u>\$ 2,063</u>

This balance represents payroll taxes that have not been transferred to the appropriate entities.

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

	December 31, 2017
Land	\$ 777,684
Buildings	1,629,610
Equipment	<u>561,285</u>
Total	<u>\$ 2,968,579</u>

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

	December 31, 2017
Notes payable	<u>\$ 200,000</u>