

City of Dumas, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF DUMAS, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2021

Financial and Compliance Report

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Dumas, 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 Dumas, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated June 28, 2023. These procedures were not performed for the Water and Sewer Funds. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The finding contained in this section relates to the following officials who held office during 2021:

Mayor: Flora Simon
Clerk/Treasurer: Norma (Eldridge) Esaw
District Court Clerk: April Patterson (January 1, 2021 – November 4, 2021)
Shelbi Walters – Interim (November 5, 2021 – December 31, 2021)
Police Chief: Keith Finch

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.

Noncompliance with state law and accepted accounting practices was noted in the office of **Police Chief**.

Police Chief

During our Police Department receipts test, we noted the following:

1. Jail revenue receipts were not deposited in a timely manner. Ninety-six receipts received from July – December 2021 totaling \$26,153 and deposited on March 1, 2022.
2. Jail commissary fee receipts were not deposited in a timely manner. Thirteen receipts received in March 2021 totaling \$410 were not deposited until February 2022.
3. Twenty-one jail commissary receipts totaling \$334 could not be traced to deposits.
4. Property release forms were not always maintained for detainee property accounts and therefore, we were unable to determine if detainee property account balances were properly accounted for and correct.

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

A handwritten signature in cursive script that reads "Roger A. Norman".

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

Little Rock, Arkansas
June 28, 2023
LOM102821

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

Schedule 1

	General Fund	Special Revenue Funds	Debt Service Fund 2019 Sales & Use Tax Refunding Bond	Pension Trust Funds
Cash and Investments Balances, January 1, 2021	\$ 7,099,169	\$ 2,209,906	\$ 728,585	\$ 2,373,192
Receipts:				
State aid	89,546	434,666		2,837
Federal aid	2,550	492,329		
Property taxes	194,913	38,960		
Franchise fees	235,819			
Sales taxes	1,516,347	599	1,520,759	
Fines, forfeitures, and costs	122,343	25,392		
Interest	77,390	11,227	2,953	59,611
Local permits and fees	38,140			
Advertising and promotion taxes		221,432		
Sanitation fees	301,554			
Rental income	105,071	53,039		
Ambulance fees	772,309			
Jail fees	103,474			
Mosquito fees	72,019			
Donations	140,000			
Fuel sales		45,763		
Net increase/(decrease) in fair value of investments				104,227
Other	137,938	30,617		72
Transfers in	944,335			115,200
Unclassified	235			
Total Receipts	4,853,983	1,354,024	1,523,712	281,947
Disbursements:				
General government	548,356	8,478		236,956
Law enforcement	1,467,332	78,072		
Highways and streets		433,322		
Public safety	94,897	10,455		33,753
Sanitation	389,868	61,786		
Health	709,381	31,342		
Recreation and culture	25,811	89,735		
Airport	7,485	147,570		
Debt service	137,801	53,499	566,078	
Transfers out	115,200		944,335	
Trustee fees	12,175			
Sales tax transferred to hospital	944,335			
Total Disbursements	4,452,641	914,259	1,510,413	270,709
Cash and Investments Balances, December 31, 2021	\$ 7,500,511	\$ 2,649,671	\$ 741,884	\$ 2,384,430

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

Schedule 2

	Street	Criminal Justice Act 1336	Fire Equipment & Training Act 833	District Court Automation	Airport	Auditorium	ARPA	Total
Cash Balance, January 1, 2021	\$ 919,618	\$ 100,015	\$ 19,981	\$ 19,333	\$ 51,726	\$ 1,099,233		\$ 2,209,906
Receipts:								
State aid	373,755		24,401		36,510			434,666
Federal aid					73,200		\$ 419,129	492,329
Property taxes	38,960							38,960
Sales taxes					599			599
Fines, forfeitures, and costs		20,837		4,555				25,392
Interest	9,775				3	1,449		11,227
Advertising and promotion taxes						221,432		221,432
Rental income					27,406	25,633		53,039
Fuel sales					45,763			45,763
Other	29,071				1,511	35		30,617
Total Receipts	451,561	20,837	24,401	4,555	184,992	248,549	419,129	1,354,024
Disbursements:								
General government							8,478	8,478
Law enforcement		10,218		5,512			62,342	78,072
Highways and streets	411,879						21,443	433,322
Public safety			10,455					10,455
Sanitation							61,786	61,786
Health							31,342	31,342
Recreation and culture						86,421	3,314	89,735
Airport					147,570			147,570
Debt service	38,129				15,370			53,499
Total Disbursements	450,008	10,218	10,455	5,512	162,940	86,421	188,705	914,259
Cash Balance, December 31, 2021	\$ 921,171	\$ 110,634	\$ 33,927	\$ 18,376	\$ 73,778	\$ 1,261,361	\$ 230,424	\$ 2,649,671

CITY OF DUMAS, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - PENSION TRUST FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (UNAUDITED)

Schedule 3

	<u>Firemen's Pension</u>	<u>City Pension</u>	<u>Total</u>
Cash and Investments Balances, January 1, 2021	<u>\$ 533,794</u>	<u>\$ 1,839,398</u>	<u>\$ 2,373,192</u>
Receipts:			
State aid	2,837		2,837
Interest	59,556	55	59,611
Net increase/(decrease) in fair value of investments	10,399	93,828	104,227
Other	72		72
Transfers in		115,200	115,200
Total Receipts	<u>72,864</u>	<u>209,083</u>	<u>281,947</u>
Disbursements:			
General government		236,956	236,956
Public safety	33,753		33,753
Total Disbursements	<u>33,753</u>	<u>236,956</u>	<u>270,709</u>
Cash and Investments Balances, December 31, 2021	<u><u>\$ 572,905</u></u>	<u><u>\$ 1,811,525</u></u>	<u><u>\$ 2,384,430</u></u>

CITY OF DUMAS, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 4

1. Cash and investments balances on the Financial Schedules include demand and savings accounts, certificates of deposit, stocks, mutual funds, and bonds.

2. The General Fund column on the Financial Schedules includes the following bank accounts:
General Fund, Police Training, Breathalyzer, Akin Education Project, Capital Reserve Money Market, Court Liability, 1/2-Cent City Sales Tax, Sales Tax, Police Drug, Jail Commissary, Industrial Development, Mayor and Clerk Retirement, EMS Grant, Police Equipment, 3/4-Cent Sales Tax, Delta Regional Authority, Delta Technology Education Center, USDA Grant Police Vehicle, Peterson Trust, and LOPFI funds, and General Fund Certificates of Deposit.

3. Cash balances at year-end in the custodial funds are as follows:

	December 31, 2021
Police Bond and Fine	\$ 26,963
District Court	30,513
Payroll	35,639

These balances represent fines, forfeitures, and costs and payroll taxes that have not been transferred to the appropriate entities.

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

	December 31, 2021
Land	\$ 128,010
Buildings	28,503,646
Equipment	3,251,138
Total	<u>\$ 31,882,794</u>

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

	December 31, 2021
Leases payable	\$ 253,028
Notes payable	163,987
Bonds payable	5,530,000
Total	<u>\$ 5,947,015</u>

CITY OF DUMAS, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 4

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

	December 31, 2021
<u>Bonds</u>	
Sales and Use Tax Refunding Bonds Series 2019A and 2019B, dated September 24, 2019, in the amount of \$6,040,000, annual installments of \$115,000 - \$485,000 plus interest through January 1, 2036; interest of 2 - 4%. Payments are to be made from the Sales and Use Tax Refunding Bond Debt Service Fund.	\$ 5,530,000
<u>Direct Borrowings</u>	
Notes Payable with Merchants and Farmers Bank for airport hangars dated July 21, 2016; 59 payments of \$818 at 2.9% interest through June 2026, with final payment of \$50,786 due July 2026. Payments are to be made from the Airport Fund.	86,128
Notes payable with Merchants and Farmers Bank for a 2017 Ford fire truck dated September 6, 2017; 60 payments of \$2,878 at 2.9% interest through September 2022. Payments are to be made from the General Fund.	25,595
Notes Payable with Merchants and Farmers Bank for a New Holland T41.05 tractor and September 19, 2017; 60 payments of \$449 at 2.95% interest through September 2022. Payments are to be made from the Airport Fund.	3,992
Notes Payable with Merchants and Farmers Bank for the purchase of a 2017 Ford ambulance dated January 26, 2018; 48 payments of \$1,943 at 2.7% interest through January 2022. Payments are to be made from the General Fund.	1,938
Notes Payable with Merchants and Farmers Bank for the purchase of a 2019 Isuzu W - TYMCO 435 Street Sweeper Dated March 18, 2019; 48 payments of \$3,177 at 4.25% interest through March 2023. Payments are to be made from Street Fund.	46,334
Lease-Purchase agreement with Bancorp South Equipment Finance dated March 9, 2020, in the amount of \$190,500, with an interest rate of 3.74% for the purchase of 2020 Freightliner M2 106 with 33yd New Way Challenger Garbage Truck. Monthly installments of \$3,276 for 48 months and a balloon payment of \$52,000 due at maturity on April 24, 2024. Payments are to be made from the General Fund.	132,375
Lease-Purchase agreement with Bancorp South Equipment Finance dated October 21, 2019, in the amount of \$187,500, with an interest rate of 3.69% for the purchase of 2020 Freightliner M2 106 with 25yd New Way King Cobra Rear Loader Garbage Truck. Monthly installments of \$3,386 for 24 months and a balloon payment of \$118,000 due at maturity on February 24, 2022. Payments are to be made from General Fund.	120,653
Total	\$ 5,947,015

CITY OF DUMAS, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 4

6. The City is obligated for the following amounts at December 31, 2021:

Years Ending December 31,	Bonds	Direct Borrowing	Total
2022	\$ 505,531	\$ 240,532	\$ 746,063
2023	507,891	58,662	566,553
2024	504,344	71,643	575,987
2025	504,000	9,814	513,814
2026	502,487	55,693	558,180
2027 through 2031	2,440,544		2,440,544
2032 through 2036	2,127,031		2,127,031
Total Obligations	7,091,828	436,344	7,528,172
Less Interest	1,561,828	19,329	1,581,157
Total Principal	<u>\$ 5,530,000</u>	<u>\$ 417,015</u>	<u>\$ 5,947,015</u>

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

	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 419,129</u>