

City of DeValls Bluff, Arkansas

Financial and Compliance Report

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF DEVALLS BLUFF, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2022

Financial and Compliance Report

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Arkansas

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Sen. John Payton
Senate Vice Chair



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House Chair
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House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of DeValls Bluff, 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 DeValls Bluff, Arkansas, as of and for the year ended December 31, 2022, and have issued our report thereon dated September 8, 2023. These procedures were not performed for the Water and Sewer and Natural Gas 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 2022:

Mayor: Brian Dobson (resigned July 18, 2022)
Darlene Conner (appointed Acting Mayor September 8, 2022 through December 31, 2022)
Recorder/Treasurer: Darlene Connor
District Court Clerk: Leah Woodall
Police Chief: Jeremy Murphy (hired April 18, 2022)
Fire Chief: Kelly Hutchison (terminated August 12, 2022)
Glenn Gladish (appointed August 12, 2022)

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 **Fire Chief**.

Fire Chief

The City discovered that Fire Department Chief, Kelly Hutchinson, received \$4,100 in proceeds from a firework fundraiser and only submitted \$689 for deposit, leaving \$3,411 unaccounted for. Subsequently, the Fire Chief was charged with theft of property regarding the unaccounted for fundraiser proceeds.

In addition, the Fire Department sponsored a corn hole tournament as a fundraiser, and the Fire Chief utilized the City's credit card to purchase food items totaling \$652 to be sold at a concession stand during the fundraising event. Due to inadequate documentation for both events, we were unable to determine if the fundraising proceeds were accounted for or if the food purchased was utilized properly.

Furthermore, the City determined the Fire Chief used the Department's fuel card to make unauthorized purchases totaling \$668. We were able to substantiate a potential business purpose for \$297 of the purchases, leaving \$371 as questionable.

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

Handwritten signature of Roger A. Norman in cursive.

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

Little Rock, Arkansas
September 8, 2023
LOM204322

CITY OF DEVALLS BLUFF, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds	Debt Service Fund- 2013 Sales and Use Tax Bond
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Cash Balance, January 1, 2022	117,469	275,729	85,888
Receipts:			
State aid	58,698	57,466	
Federal aid		57,492	
Property taxes	18,521	5,113	
Franchise fees	21,043		
Sales taxes	78,044	61,034	124,205
Fines, forfeitures, and costs	6,529	3,541	
Interest	168	86	77
Local permits and fees	520	7,375	
Other	32,850	849	
Transfers in		106,794	
Total Receipts	<u>216,373</u>	<u>299,750</u>	<u>124,282</u>
Disbursements:			
General government	67,070	12,324	1,010
Law enforcement	86,400	66,631	
Highways and streets		167,022	
Public safety	4,800	71,618	
Sanitation	1,200		
Health	669		
Recreation and culture	1,200	3,296	
Debt service		7,144	148,522
Transfers out	52,882		53,912
Total Disbursements	<u>214,221</u>	<u>328,035</u>	<u>203,444</u>
Cash Balance, December 31, 2022	<u>\$ 119,621</u>	<u>\$ 247,444</u>	<u>\$ 6,726</u>

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

Schedule 2

	Street	Criminal Justice	Fire Department Act 833	Levee Improvement	Police Department Act 988	Twin City Riverfront Park	Fire Department Expense and Equipment
Cash Balance, January 1, 2022	\$ 196,323	\$ 2,867	\$ 11,252	\$ 1,899	\$ 3,572	\$ 6,097	\$ 28,784
Receipts:							
State aid	44,895		12,571				
Federal aid							
Property taxes	5,113						
Sales taxes							61,034
Fines, forfeitures, and costs		1,160			545		
Interest	65	2		1			16
Local permits and fees						3,340	4,035
Other							849
Transfers in	53,912			2,000			
Total Receipts	<u>103,985</u>	<u>1,162</u>	<u>12,571</u>	<u>2,001</u>	<u>545</u>	<u>3,340</u>	<u>65,934</u>
Disbursements:							
General government				1,641			
Law enforcement					2,197		
Highways and streets	167,022						
Public safety			10,822				60,796
Recreation and culture						3,296	
Debt service	7,144						
Total Disbursements	<u>174,166</u>		<u>10,822</u>	<u>1,641</u>	<u>2,197</u>	<u>3,296</u>	<u>60,796</u>
Cash Balance, December 31, 2022	<u>\$ 126,142</u>	<u>\$ 4,029</u>	<u>\$ 13,001</u>	<u>\$ 2,259</u>	<u>\$ 1,920</u>	<u>\$ 6,141</u>	<u>\$ 33,922</u>

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

Schedule 2

	Court Automation	Police Expense and Equipment	City Beautification	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 8,006	\$ 1,523	\$ 2,672	\$ 12,734	\$ 275,729
Receipts:					
State aid					57,466
Federal aid				57,492	57,492
Property taxes					5,113
Sales taxes					61,034
Fines, forfeitures, and costs	1,836				3,541
Interest		2			86
Local permits and fees					7,375
Other					849
Transfers in		50,882			106,794
Total Receipts	<u>1,836</u>	<u>50,884</u>		<u>57,492</u>	<u>299,750</u>
Disbursements:					
General government			801	9,882	12,324
Law enforcement	1,859	45,294		17,281	66,631
Highways and streets					167,022
Public safety					71,618
Recreation and culture					3,296
Debt service					7,144
Total Disbursements	<u>1,859</u>	<u>45,294</u>	<u>801</u>	<u>27,163</u>	<u>328,035</u>
Cash Balance, December 31, 2022	<u>\$ 7,983</u>	<u>\$ 7,113</u>	<u>\$ 1,871</u>	<u>\$ 43,063</u>	<u>\$ 247,444</u>

CITY OF DEVALLS BLUFF, 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, certificates of deposit, and funds held with the trustee.
2. The General Fund column on the Financial Schedules includes the following bank accounts:
 General and DHS Repair and Maintenance
3. The Street Fund column on the Financial Schedules includes the following bank accounts:
 Street and Street Department Equipment Grant
4. Cash balances at year-end in the custodial funds are as follows:

	December 31, 2022
District Court	\$ 1,609
District Court Credit Card	10,827
Payroll	9,104

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

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

	December 31, 2022
Land	\$ 96,777
Buildings	970,597
Equipment	937,516
Total	\$ 2,004,890

CITY OF DEVALLS BLUFF, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Schedule 3

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

	<u>December 31, 2022</u>
Financed purchases	<u>\$ 50,985</u>

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

	<u>December 31, 2022</u>
American Rescue Plan Act (ARPA)	<u>\$ 57,492</u>