

City of Elaine, Arkansas

Financial and Compliance Report

December 31, 2022, 2021, and 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF ELAINE, ARKANSAS
TABLE OF CONTENTS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020

Financial and Compliance Report

	<u>Schedule</u>
2022	
Schedule of Financial Information (Unaudited)	1
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	2
2021	
Schedule of Financial Information (Unaudited)	3
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	4
2020	
Schedule of Financial Information (Unaudited)	5
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	6
2022, 2021, and 2020	
Other Information (Unaudited)	7

Arkansas

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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 Elaine, 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 Elaine, Arkansas, as of and for the years ended December 31, 2022, 2021, and 2020, and have issued our report thereon dated April 2, 2024. 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 2022, 2021, and 2020:

Mayor: Michael Cravens
Recorder/Treasurer: Louise Furman (2022)
Patricia Caery (2021-2020)
District Court Clerk: Patricia Caery
Police Chief: Alvin Scaife

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 offices of **Mayor, Recorder/Treasurer, and District Court Clerk.**

Mayor

1. An audit or agreed-upon procedures report and compilation was not obtained for the City's Water and Sewer Department for 2017 through 2022, as required by Ark. Code Ann. § 14-234-119. A similar finding was noted in the previous report.
2. The governing body did not review the prior report at the first regularly scheduled meeting following the receipt of the report, in noncompliance with Ark. Code Ann § 10-4-418.
3. The City did not maintain fixed asset lists, in noncompliance with Ark. Code Ann § 14-59-107.

Recorder/Treasurer

1. Bank reconciliations were not prepared for all funds in 2022 and for the Act 833 Fund in 2020, as required by Ark. Code Ann. § 14-25-107.
2. City Council minutes for 2022 were not maintained for inspection, in accordance with Ark. Code Ann. § 14-45-107.
3. We examined one quarterly IRS form 941 for each fiscal year and noted the following tax underpayments; \$4,245, \$359, and \$407, for 2022, 2021, and 2020, respectively.

District Court Clerk

Bank reconciliations were not properly prepared and balances remaining in the bank account were not identified with receipts issued for cases not yet adjudicated and payments made on all unpaid individual time accounts, as required by Ark. Code Ann. § 16-10-209. A similar finding was noted in the previous reports dating back to 2014.

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 dark ink, appearing to read "Roger A. Norman". The signature is fluid and cursive, with a large initial "R" and "N".

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

Little Rock, Arkansas
April 2, 2024
LOM205122

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

Schedule 1

	General Fund	Special Revenue Funds	Pension Trust Funds
	<u> </u>	<u> </u>	<u> </u>
Cash and Investments Balance, January 1, 2022	\$ 333,288	\$ 233,585	\$ 205,727
Receipts:			
State aid	7,593	54,994	1,938
Federal aid		51,691	
Property taxes	13,821	5,558	3,713
Franchise fees	24,297		
Sales taxes	121,598		
Interest	85		10,917
Local permits and fees	1,060		
Net increase/(decrease) in fair value of investments			(649)
Other	8,567	800	
Unclassified	88,443		
Total Receipts	<u>265,464</u>	<u>113,043</u>	<u>15,919</u>
Disbursements:			
General government	112,345		
Law enforcement	44,725		
Highways and streets	3,161	68,142	
Public safety	900	2,238	23,022
Sanitation	3,434		
Health	1,013		
Water and sewer	11,815		
Debt service	15,000		
Total Disbursements	<u>192,393</u>	<u>70,380</u>	<u>23,022</u>
Cash and Investments Balance, December 31, 2022	<u>\$ 406,359</u>	<u>\$ 276,248</u>	<u>\$ 198,624</u>

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

Schedule 2

	<u>Street</u>	<u>City Park</u>	<u>Drug Control</u>	<u>City Projects</u>	<u>ACT 833</u>	<u>Fire Department</u>
Cash Balance, January 1, 2022	\$ 179,798	\$ 489	\$ 114	\$ 267	\$ 94	\$ 81
Receipts:						
State aid	43,945				11,049	
Federal aid						
Property taxes	5,558					
Other	800					
Total Receipts	<u>50,303</u>				<u>11,049</u>	
Disbursements:						
Highways and streets	68,142					
Public safety					2,238	
Total Disbursements	<u>68,142</u>				<u>2,238</u>	
Cash Balance, December 31, 2022	<u>\$ 161,959</u>	<u>\$ 489</u>	<u>\$ 114</u>	<u>\$ 267</u>	<u>\$ 8,905</u>	<u>\$ 81</u>

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

Schedule 2

	Civic Center	Drainage Grant	ACEDP Fire Equipment	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 969	\$ 1	\$ 80	\$ 51,692	\$ 233,585
Receipts:					
State aid					54,994
Federal aid				51,691	51,691
Property taxes					5,558
Other					800
Total Receipts				51,691	113,043
Disbursements:					
Highways and streets					68,142
Public safety					2,238
Total Disbursements					70,380
Cash Balance, December 31, 2022	\$ 969	\$ 1	\$ 80	\$ 103,383	\$ 276,248

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

Schedule 3

	General Fund	Special Revenue Funds	Pension Trust Funds
	<u> </u>	<u> </u>	<u> </u>
Cash and Investments Balance, January 1, 2021	\$ 368,178	\$ 164,145	\$ 200,837
Receipts:			
State aid	14,874	51,672	1,891
Federal aid		51,692	
Property taxes	17,498	3,135	4,397
Franchise fees	24,951		
Sales taxes	114,976		
Interest	126		17,085
Local permits and fees	1,105		
Net increase/(decrease) in fair value of investments			(176)
Other	117	6,476	
Transfers in		4,897	
Total Receipts	<u>173,647</u>	<u>117,872</u>	<u>23,197</u>
Disbursements:			
General government	123,556		
Law enforcement	47,938		
Highways and streets	7,817	35,444	
Public safety	1,988	12,988	18,307
Sanitation	550		
Health	1,097		
Recreation and culture	1,767		
Water and sewer	3,927		
Debt service	15,000		
Transfers out	4,897		
Total Disbursements	<u>208,537</u>	<u>48,432</u>	<u>18,307</u>
Cash and Investments Balance, December 31, 2021	<u>\$ 333,288</u>	<u>\$ 233,585</u>	<u>\$ 205,727</u>

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

Schedule 4

	Street	City Park	Drug Control	City Projects	ACT 833	Fire Department	Civic Center
Cash Balance, January 1, 2021	\$ 155,756	\$ 489	\$ 114	\$ 267	\$ 6,389	\$ 81	\$ 969
Receipts:							
State aid	49,875				1,797		
Federal aid							
Property taxes	3,135						
Other	6,476						
Transfers in					4,896		
Total Receipts	59,486				6,693		
Disbursements:							
Highways and streets	35,444						
Public safety					12,988		
Total Disbursements	35,444				12,988		
Cash Balance, December 31, 2021	\$ 179,798	\$ 489	\$ 114	\$ 267	\$ 94	\$ 81	\$ 969

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

Schedule 4

	<u>Drainage Grant</u>	<u>ACEDP Fire Equipment</u>	<u>American Rescue Plan Act</u>	<u>Total</u>
Cash Balance, January 1, 2021		\$ 80		\$ 164,145
Receipts:				
State aid				51,672
Federal aid			\$ 51,692	51,692
Property taxes				3,135
Other				6,476
Transfers in	\$ 1			4,897
Total Receipts	<u>1</u>		<u>51,692</u>	<u>117,872</u>
Disbursements:				
Highways and streets				35,444
Public safety				12,988
Total Disbursements				<u>48,432</u>
Cash Balance, December 31, 2021	<u>\$ 1</u>	<u>\$ 80</u>	<u>\$ 51,692</u>	<u>\$ 233,585</u>

CITY OF ELAINE, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Schedule 5

	General Fund	Special Revenue Funds	Pension Trust Funds
	<u> </u>	<u> </u>	<u> </u>
Cash Balance and Investments, January 1, 2020	\$ 374,751	\$ 142,446	\$ 192,884
Receipts:			
State aid	12,492	66,716	2,153
Federal aid	25,197		
Franchise fees	23,734		
Sales taxes	148,575		
Fines, forfeitures, and costs	4,100		
Interest	625		12,410
Local permits and fees	1,175		
Payroll taxes general	241		
Net increase/(decrease) in fair value of investments			12,723
Other	445	1,800	
Transfers in	4,860	4	
Total Receipts	<u>221,444</u>	<u>68,520</u>	<u>27,286</u>
Disbursements:			
General government	157,080	1	
Law enforcement	37,327		
Highways and streets	7,135	28,841	
Public safety	7,031	13,115	19,333
Sanitation	1,100		
Health	1,013		
Recreation and culture	1,597		
Water and sewer	734		
Debt service	15,000		
Transfers out		4,864	
Total Disbursements	<u>228,017</u>	<u>46,821</u>	<u>19,333</u>
Cash and Investments Balance, December 31, 2020	<u>\$ 368,178</u>	<u>\$ 164,145</u>	<u>\$ 200,837</u>

CITY OF ELAINE, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (UNAUDITED)

Schedule 6

	Street	City Park	Drug Control	City Projects	ACT 833	Fire Department	Civic Center	Drainage Grant	ACEDP Fire Equipment	Total
Cash Balance, January 1, 2020	\$ 134,785	\$ 489	\$ 114	\$ 267	\$ 5,660	\$ 81	\$ 969	\$ 1	\$ 80	\$ 142,446
Receipts:										
State aid	48,012				7,344				11,360	66,716
Other	1,800									1,800
Transfers in		1	1	1			1			4
Total Receipts	49,812	1	1	1	7,344		1		11,360	68,520
Disbursements:										
General government								1		1
Highways and streets	28,841									28,841
Public safety					6,615				6,500	13,115
Transfers out		1	1	1			1		4,860	4,864
Total Disbursements	28,841	1	1	1	6,615		1	1	11,360	46,821
Cash Balance, December 31, 2020	\$ 155,756	\$ 489	\$ 114	\$ 267	\$ 6,389	\$ 81	\$ 969	\$ 0	\$ 80	\$ 164,145

CITY OF ELAINE, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020
(UNAUDITED)

Schedule 7

1. Cash and investments balances on the Financial Schedules include demand accounts, money market, certificates of deposit and mutual funds.

2. The General Fund column on the Financial Schedules includes the following bank accounts:
General and General Fund Investments.

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

	December 31, 2022	December 31, 2021	December 31, 2020
District Court	\$ 642	\$ 875	\$ 97

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

4. The Municipality's capital assets records were not available.

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

	December 31, 2022	December 31, 2021	December 31, 2020
Financed purchases	<u>\$ 27,123</u>	<u>\$ 41,281</u>	<u>\$ 55,196</u>

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

	December 31, 2022	December 31, 2021	December 31, 2020
Coronavirus Aid, Relief and Economic Security Act (CARES)			
American Rescue Plan Act (ARPA)	<u>\$ 51,691</u>	<u>\$ 51,692</u>	<u>\$ 25,197</u>
Totals	<u>\$ 51,691</u>	<u>\$ 51,692</u>	<u>\$ 25,197</u>