

**City of Parkdale, Arkansas**

**Financial and Compliance Report**

**December 31, 2021 and 2020**

**LEGISLATIVE JOINT AUDITING COMMITTEE**

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CITY OF PARKDALE, ARKANSAS  
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# Arkansas

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**Sen. John Payton**  
Senate Vice Chair



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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

City of Parkdale, 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 Parkdale, Arkansas, as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated August 21, 2023. 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 2021 and 2020:

Mayor: Robert Palmer  
Recorder/Treasurer: Vacant

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

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

Accounting procedures for municipalities are set forth in Ark. Code Ann. §§ 14-59-101 - 14-59-119. The City was not in compliance with these codes and other proper accounting procedures as noted below:

1. Bank reconciliations were not approved by someone other than the preparer.
2. The annual financial statement was not prepared and posted. A similar finding was noted in the previous report.
3. Prenumbered receipts were not issued for all funds received in 2020.
4. In 2021, adequate supporting documentation was not maintained for tested disbursements of \$2,710 (16%). A similar finding was noted in the previous report.
5. City Council minutes were not provided for August 2022 through August 2023.

The governing body did not review the prior report and accompanying comments and recommendations at the first regularly scheduled meeting following receipt of the report, as required by Ark. Code Ann. § 10-4-418. A similar finding was noted in the previous report.

Although, Schedules 1 and 3 of this report show cash balances of \$28,876 and 17,381 in the General Fund for December 31, 2021 and 2020, respectively, it was brought to our attention that the City owed a significant amount to the Internal Revenue Service (IRS), which has not been paid as of report date. As shown in Note 5 on Schedule 4 of this report, when this outstanding amount was considered, the General Fund had a balance of \$1,323 at December 31, 2021 and a deficit balance of \$10,172 at December 31, 2020. A similar finding was noted in the previous report.

The following issues were noted when reviewing payroll records:

- IRS quarterly 941 forms were not provided for 2021 or 2020.
- Arkansas Department of Finance and Administration form AR3 was not provided for 2021 and the AR3 for 2020 was not completed accurately or timely.

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, appearing to read "Roger A. Norman".

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

Little Rock, Arkansas  
August 21, 2023  
LOM214921

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

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2021	\$ 17,381	\$ 9,582
Receipts:		
State aid	4,202	20,725
Federal aid		26,105
Property taxes	7,398	942
Franchise fees	7,935	
Sales taxes	39,736	
Sanitation fees	16,256	
Other	170	150
Total Receipts	75,697	47,922
Disbursements:		
General government	54,614	
Highways and streets		17,975
Sanitation	9,588	
Debt service		1,308
Total Disbursements	64,202	19,283
Cash Balance, December 31, 2021	\$ 28,876	\$ 38,221

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

Schedule 2

	<u>Street</u>	<u>American Rescue Plan Act</u>	<u>Total</u>
Cash Balance, January 1, 2021	<u>\$ 9,582</u>		<u>\$ 9,582</u>
Receipts:			
State aid	20,725		20,725
Federal aid		\$ 26,105	26,105
Property taxes	942		942
Other	150		150
Total Receipts	<u>21,817</u>	<u>26,105</u>	<u>47,922</u>
Disbursements:			
Highways and streets	17,975		17,975
Debt service	1,308		1,308
Total Disbursements	<u>19,283</u>		<u>19,283</u>
Cash Balance, December 31, 2021	<u>\$ 12,116</u>	<u>\$ 26,105</u>	<u>\$ 38,221</u>

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

Schedule 3

	General Fund	Special Revenue Fund (Street)
	<u>          </u>	<u>          </u>
Cash Balance, January 1, 2020	\$ 10,361	\$ 4,660
Receipts:		
State aid	4,110	20,911
Property taxes	6,147	831
Franchise fees	8,069	
Sales taxes	34,836	
Sanitation fees	16,804	
Other	961	5
Total Receipts	<u>70,927</u>	<u>21,747</u>
Disbursements:		
General government	52,997	
Highways and streets		15,517
Sanitation	10,910	
Debt service		1,308
Total Disbursements	<u>63,907</u>	<u>16,825</u>
Cash Balance, December 31, 2020	<u>\$ 17,381</u>	<u>\$ 9,582</u>

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

Schedule 4

1. Cash balances on the Financial Schedules include demand accounts.
2. The Municipality's capital assets records are summarized below:

	December 31, 2021	December 31, 2020
Land	\$ 16,415	\$ 16,415
Buildings	68,443	68,443
Equipment	41,593	41,593
Totals	\$ 126,451	\$ 126,451

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

	December 31, 2021	December 31, 2020
Notes payable	\$ 1,452	\$ 2,552

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

	December 31, 2021
American Rescue Plan Act (ARPA)	\$ 26,105

5. The schedules included in our Financial and Compliance Reports are routinely presented on a cash basis. We are including additional information here, as it was brought to our attention that the City of Parkdale (City) had significant delinquent payments for 2021 and 2020 to the Internal Revenue Service (IRS). The information below begins with the cash balance per Schedules of this report and the computation includes the amount due to the IRS on a separate line. As of the report date, per the City, payments to the IRS have not been made.

	December 31, 2021 General	December 31, 2020 General
Cash balance per Schedules	\$ 28,876	\$ 17,381
Due to IRS	(27,553)	(27,553)
Restated balance	\$ 1,323	\$ (10,172)