

City of Parkdale, Arkansas

Financial and Compliance Report

December 31, 2023 and 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF PARKDALE, ARKANSAS
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Arkansas



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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, 2023 and 2022, and have issued our report thereon dated July 15, 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 2023 and 2022:

Mayor: Latreace Taylor
Recorder/Treasurer: Vacant

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 the **Mayor**.

Wages for the Payroll Preparer exceeded previously authorized amounts by \$2,660 and \$1,310 in 2023 and 2022, respectively. These overpayments occurred due to an increase in hourly rate, unused vacation leave, and a Christmas bonus not approved by the City Council or reflected in the minutes or city policy. Additionally, the budget was not detailed enough to determine the Payroll Preparer's current authorized salary.

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:

- Monthly bank reconciliations were not prepared for the American Rescue Plan Act bank account.
- The General and Street Fund bank accounts were not properly reconciled, and reconciliations were not approved by someone other than the preparer.
- Annual financial statements were not prepared and posted.
- Prenumbered receipts were not issued for all funds received in 2023 and 2022.

A similar finding was noted in the previous report.

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 two reports.

The City was in noncompliance with Ark. Code Ann. §§ 14-58-202, -203 as noted below:

- General Fund disbursements exceeded budgeted appropriations by \$24,992 (29%) in 2022.
- Street Fund disbursements exceeded budgeted appropriations by \$4,696 (27%) in 2022.
- In 2023, the budgets were not adopted by ordinance or resolution.

The following issues were noted when reviewing payroll records:

- Internal Revenue Services (IRS) quarterly 941 reports were not provided for 2022.
- IRS Forms W-2 were not provided for 2022.
- IRS Form W-3 was not provided for 2023 or 2022.
- Arkansas Department of Finance and Administration form AR3 was not provided for 2023 or 2022.

A similar finding was noted in the previous report.

Although, Schedule 1 and 3 of this report shows a cash balance of \$8,650 and \$12,023 in the General Fund, respectively, it was brought to our attention that as of December 31, 2023 and 2022, the City owed a significant amount to the Internal Revenue Service which has not been paid as of report date. Furthermore, IRS quarterly tax payments were not paid for 2023. As shown in Note 5 on Schedule 5 of this report, when this outstanding amount was considered, the General Fund had a deficit balance of \$16,800 at December 31, 2023, and a deficit balance of \$7,661 at December 31, 2022. A similar finding was noted in the previous two reports.

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



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
July 15, 2024
LOM214923

CITY OF PARKDALE, ARKANSAS
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2023	\$ 12,023	\$ 53,153
Receipts:		
State aid	2,615	14,509
Property taxes	6,914	888
Franchise fees	8,615	
Sales taxes	39,610	
Interest		4
Sanitation fees	10,807	
Other		180
Unclassified	181	
Total Receipts	<u>68,742</u>	<u>15,581</u>
Disbursements:		
General government	61,391	17,662
Highways and streets		16,557
Sanitation	8,724	
Wastewater	2,000	
Debt service		334
Unclassified		112
Total Disbursements	<u>72,115</u>	<u>34,665</u>
Cash Balance, December 31, 2023	<u>\$ 8,650</u>	<u>\$ 34,069</u>

CITY OF PARKDALE, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule 2

	Street	American Rescue Plan Act	Total
Cash Balance, January 1, 2023	\$ 5,481	\$ 47,672	\$ 53,153
Receipts:			
State aid	14,509		14,509
Property taxes	888		888
Interest		4	4
Other	180		180
Total Receipts	<u>15,577</u>	<u>4</u>	<u>15,581</u>
Disbursements:			
General government		17,662	17,662
Highways and streets	16,557		16,557
Debt service	334		334
Unclassified	112		112
Total Disbursements	<u>17,003</u>	<u>17,662</u>	<u>34,665</u>
Cash Balance, December 31, 2023	<u>\$ 4,055</u>	<u>\$ 30,014</u>	<u>\$ 34,069</u>

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

Schedule 3

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2022	\$ 28,876	\$ 38,221
Receipts:		
State aid	2,566	14,850
Federal aid		26,105
Property taxes	6,183	911
Franchise fees	7,903	
Sales taxes	37,999	
Interest		2
Sanitation fees	14,480	
Other	3,062	
Contribution from water and sewer department	16,407	
Unclassified	848	
Total Receipts	<u>89,448</u>	<u>41,868</u>
Disbursements:		
General government	96,287	4,540
Highways and streets		21,088
Sanitation	10,014	
Debt service		1,308
Total Disbursements	<u>106,301</u>	<u>26,936</u>
Cash Balance, December 31, 2022	<u>\$ 12,023</u>	<u>\$ 53,153</u>

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

Schedule 4

	Street	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 12,116	\$ 26,105	\$ 38,221
Receipts:			
State aid	14,850		14,850
Federal aid		26,105	26,105
Property taxes	911		911
Interest		2	2
Total Receipts	<u>15,761</u>	<u>26,107</u>	<u>41,868</u>
Disbursements:			
General government		4,540	4,540
Highways and streets	21,088		21,088
Debt service	1,308		1,308
Total Disbursements	<u>22,396</u>	<u>4,540</u>	<u>26,936</u>
Cash Balance, December 31, 2022	<u>\$ 5,481</u>	<u>\$ 47,672</u>	<u>\$ 53,153</u>

CITY OF PARKDALE, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(UNAUDITED)

Schedule 5

1. Cash balances on the Financial Schedules include demand accounts.

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

	December 31, 2023	December 31, 2022
Land	\$ 16,415	\$ 16,415
Buildings	68,443	68,443
Equipment	41,593	41,593
Totals	<u>\$ 126,451</u>	<u>\$ 126,451</u>

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

	December 31, 2022
Financed purchase	<u>\$ 324</u>

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

	December 31, 2022
American Rescue Plan Act (ARPA)	<u>\$ 26,105</u>

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 2023 and 2022 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.

	December 31, 2023	December 31, 2022
	General Fund	General Fund
Cash balances per Schedules	\$ 8,650	\$ 12,023
Due to IRS	<u>(25,450)</u>	<u>(19,684)</u>
Restated balances	<u>\$ (16,800)</u>	<u>\$ (7,661)</u>