

Town of Delaplaine, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF DELAPLAINE, 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

Town of Delaplaine, 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 Town of Delaplaine, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated December 14, 2022. These procedures were not performed for the Water and Sewer Department. Management of the Town 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:

Mayor: Eli Murray
Recorder/Treasurer: Charles Murray
Assistant Fire Chief: Dusty Murray

We evaluated the Town'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 Assistant Fire Chief.**

Mayor and Recorder/Treasurer:

The Town paid the Mayor \$1,812 and \$141 for additional labor and bonus pay, respectively, without support documentation or council approval. In addition these amounts were not reported to the Internal Revenue Service.

Mayor:

The council minutes did not document the review of the findings and recommendations of the prior report and the action taken by the Town Council, as required by Ark. Code Ann. § 10-4-418.

Recorder/Treasurer:

1. Bank reconciliations were not prepared for the General and Street Funds, in noncompliance with Ark. Code Ann. § 14-59-108. A similar finding was noted in the previous two reports dating back to 2018.
2. Monthly financial reports were not submitted to the council, as required by Ark. Code Ann. § 14-59-115. A similar finding was issued in the prior report.
3. Adequate supporting documentation was not provided for tested disbursements of \$3,826 (39%), in noncompliance with Ark. Code Ann. § 14-59-105. A similar finding was issued in the prior two reports dating back to 2018.
4. A detailed fixed asset listing was not provided, as required by Ark. Code Ann. § 14-59-107. A similar finding was noted in the previous three reports dating back to 2016.
5. Internal Revenue Service (IRS) Forms 941 and Arkansas Department of Finance and Administration Form AR3 were not provided for review. A similar finding was noted in the previous four reports dating back to 2013.

6. Prenumbered receipts were not issued for the revenues received in the General and Street Funds, as required by Ark. Code Ann. § 14-59-109. In addition, franchise fees were not deposited in a timely manner.
7. Annual financial statements were not posted, as required by Ark. Code Ann. § 14-59-116.
8. Cash receipts and disbursements journals were not properly maintained for the General and Street Funds, as required by Ark. Code Ann. §§ 14-59-110, -111.

Assistant Fire Chief:

1. Bank reconciliations were not prepared for the Fire Equipment and Training Fund, in noncompliance with Ark. Code Ann. § 14-59-108. A similar finding was noted in the previous two reports dating back to 2018.
2. Cash receipts and disbursements journals were not established for the Fire Equipment & Training Fund, as required by Ark. Code Ann §§ 14-59-10, -111.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local Town 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



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

Little Rock, Arkansas
December 14, 2022
LOM304821

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

Schedule 1

| | General Fund | Special Revenue Funds |
|---------------------------------|-------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Cash Balance, January 1, 2021 | \$ 24,406 | \$ 110,798 |
| | <u> </u> | <u> </u> |
| Receipts: | | |
| State aid | 1,736 | 8,518 |
| Federal aid | | 11,809 |
| Property taxes | 2,553 | 912 |
| Franchise fees | 1,098 | |
| Sales taxes | 18,076 | |
| Interest | 13 | 64 |
| Loan repayment from employee | | 6,511 |
| Total Receipts | <u>23,476</u> | <u>27,814</u> |
| | <u> </u> | <u> </u> |
| Disbursements: | | |
| General government | 34,900 | |
| Wastewater | | 5,504 |
| Total Disbursements | <u>34,900</u> | <u>5,504</u> |
| | <u> </u> | <u> </u> |
| Cash Balance, December 31, 2021 | <u>\$ 12,982</u> | <u>\$ 133,108</u> |

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

Schedule 2

| | <u>Street</u> | <u>Fire Equipment and Training</u> | <u>American Rescue Plan Act</u> | <u>Total</u> |
|---------------------------------|-------------------|--|-------------------------------------|-------------------|
| Cash Balance, January 1, 2021 | \$ 90,933 | \$ 19,865 | | \$ 110,798 |
| Receipts: | | | | |
| State aid | 8,518 | | | 8,518 |
| Federal aid | | | \$ 11,809 | 11,809 |
| Property taxes | 912 | | | 912 |
| Interest | 64 | | | 64 |
| Loan repayment from employee | | 6,511 | | 6,511 |
| Total Receipts | <u>9,494</u> | <u>6,511</u> | <u>11,809</u> | <u>27,814</u> |
| Disbursements: | | | | |
| Wastewater | | | <u>5,504</u> | <u>5,504</u> |
| Cash Balance, December 31, 2021 | <u>\$ 100,427</u> | <u>\$ 26,376</u> | <u>\$ 6,305</u> | <u>\$ 133,108</u> |

TOWN OF DELAPLAINE, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand accounts.
2. The Municipality's capital assets records were not available.
3. The Town received federal funding in the following amount related to COVID-19 relief:

| | December 31, 2021 |
|---------------------------------|----------------------|
| American Rescue Plan Act (ARPA) | \$ 11,809 |