

Town of Delaplaine, Arkansas

Financial and Compliance Report

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF DELAPLAINE, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Financial and Compliance Report

	<u>Schedule</u>
Schedule of Financial Information (Unaudited)	1
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	2
Other Information (Unaudited)	3

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

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, 2022, and have issued our report thereon dated August 29, 2023. 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 2022:

Mayor: Eli Murray
Recorder/Treasurer: Charles 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** and **Recorder/Treasurer**.

Mayor and Recorder/Treasurer

The Town paid the Mayor \$1,080 for additional labor without support documentation.

Mayor

1. The minutes of the governing body did not document the actions taken by the governing body for the prior report, as required by Ark. Code Ann. §10-4-418. A similar finding was noted in the previous report.
2. Street Fund expenditures exceeded budgeted appropriations \$5,978 (75%), in noncompliance with Ark. Code Ann. 14-58-203.

Recorder/Treasurer

1. The Recorder/Treasurer/payroll preparer received a salary overpayment of \$550.
2. 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 three reports dating back to 2018.
3. Monthly financial reports were not submitted to the council, as required by Ark. Code Ann. § 14-59-115. A similar finding was noted in the previous two reports dating back to 2019.
4. Adequate supporting documentation was not provided for tested disbursements of \$4,423 (21%), in noncompliance with Ark. Code Ann. § 14-59-105. A similar finding was issued in the prior three reports dating back to 2018.
5. 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 four reports dating back to 2016.

Recorder/Treasurer (Continued)

6. The following issues were noted with payroll related records:
- Internal Revenue Service (IRS) quarterly 941 Forms were not prepared and taxes were not remitted.
 - Additional payments to the Mayor were not properly reported to the IRS.
 - Payroll withholdings were not properly reported on IRS Forms W-2.
- A similar finding was noted in the previous five reports dating back to 2013.
7. Prenumbered receipts were not issued for the revenues received in the General and Street Funds, as required by Ark. Code Ann. § 14-59-109. A similar finding was noted in the previous report.
8. Annual financial statements were not posted, as required by Ark. Code Ann. § 14-59-116. A similar finding was noted in the previous report.
9. Cash receipts and disbursements journals were not established for the General and Street Funds, as required by Ark. Code Ann §§ 14-59-10, -111. A similar finding was noted in the previous report.

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
August 29, 2023
LOM304822

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

Schedule 1

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Cash Balance, January 1, 2022	\$ 12,982	\$ 133,108
Receipts:		
State aid	955	5,526
Federal aid		11,809
Property taxes	2,562	915
Sales taxes	11,347	
Interest	8	50
Unclassified	2,711	
Total Receipts	<u>17,583</u>	<u>18,300</u>
Disbursements:		
General government	23,147	
Highways and streets		13,978
Public safety		1,367
Wastewater		6,404
Total Disbursements	<u>23,147</u>	<u>21,749</u>
Cash Balance, December 31, 2022	<u>\$ 7,418</u>	<u>\$ 129,659</u>

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

Schedule 2

	Street	Fire Equipment and Training	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 100,427	\$ 26,376	\$ 6,305	\$ 133,108
Receipts:				
State aid	5,526			5,526
Federal aid			11,809	11,809
Property taxes	915			915
Interest	50			50
Total Receipts	<u>6,491</u>		<u>11,809</u>	<u>18,300</u>
Disbursements:				
Highways and streets	13,978			13,978
Public safety		1,367		1,367
Wastewater			6,404	6,404
Total Disbursements	<u>13,978</u>	<u>1,367</u>	<u>6,404</u>	<u>21,749</u>
Cash Balance, December 31, 2022	<u>\$ 92,940</u>	<u>\$ 25,009</u>	<u>\$ 11,710</u>	<u>\$ 129,659</u>

TOWN OF DELAPLAINE, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(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:

	<u>December 31,</u> <u>2022</u>
American Rescue Plan Act (ARPA)	<u>\$ 11,809</u>