

Town of Denning, Arkansas

Financial and Compliance Report

December 31, 2021 and 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF DENNING, ARKANSAS
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Arkansas

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Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
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Rep. Richard Womack
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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 Denning, 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 Denning, Arkansas, as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated June 5, 2023. These procedures were not performed for the Water 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 and 2020:

Mayor: Paul Lee
Recorder/Treasurer: Donna Thomas (deceased September 20, 2021)
Candice Harmon (appointed January 2022)

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

An annual audit or agreed-upon procedures report has not been completed for the City's Water Department for the years 2021 through 2017, as required by Ark. Code Ann. § 14-234-119.

Bank reconciliations for 2021 were not approved by a municipal official or employee, other than the person preparing the reconciliation, in noncompliance with Ark. Code Ann. § 14-59-108.

In 2021 and 2020 budgets were not adopted by ordinance or resolution, as required by Ark. Code Ann. § 14-58-202.

Recorder/Treasurer

Prenumbered receipts were not issued in 2021 for all funds received, as required by Ark. Code Ann. § 14-59-109.

Cash receipts and disbursements journals were not maintained in 2020, as required by Ark. Code Ann. §§ 14-59-110, -111.

Supporting documentation was not maintained for disbursements tested, in noncompliance with Ark. Code Ann. § 14-59-105.

Prenumbered checks were not issued for all disbursements, as required by Ark. Code Ann. § 14-59-105.

A detailed fixed asset listing was not established, as required by Ark. Code Ann. § 14-59-107.

Internal Revenue Service (IRS) Forms 941 and State of Arkansas ARW-3 form were not provided for inspection for 2020, as required by Ark. Code Ann. § 14-59-114. In addition, authorized salaries for the Mayor and Recorder/Treasurer could not be determined for 2021 and 2020.

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

A handwritten signature in dark ink, appearing to read "Roger A. Norman". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

Little Rock, Arkansas
June 5, 2023
LOM305021

TOWN OF DENNING, 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	\$ 63,573	\$ 55,680
Receipts:		
State aid	4,778	23,594
Federal aid		25,691
Property taxes	7,329	2,200
Franchise fees	10,056	
Sales taxes	50,122	
Interest	90	97
Rural community grant	11,947	
Other	250	
Total Receipts	<u>84,572</u>	<u>51,582</u>
Disbursements:		
General government	25,845	
Law enforcement	15,000	
Highways and streets		40,471
Recreation and culture	1,330	
Total Disbursements	<u>42,175</u>	<u>40,471</u>
Cash Balance, December 31, 2021	<u>\$ 105,970</u>	<u>\$ 66,791</u>

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

Schedule 2

	Street	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	<u>\$ 55,680</u>		<u>\$ 55,680</u>
Receipts:			
State aid	23,594		23,594
Federal aid		\$ 25,691	25,691
Property taxes	2,200		2,200
Interest	97		97
Total Receipts	<u>25,891</u>	<u>25,691</u>	<u>51,582</u>
Disbursements:			
Highways and streets	<u>40,471</u>		<u>40,471</u>
Cash Balance, December 31, 2021	<u><u>\$ 41,100</u></u>	<u><u>\$ 25,691</u></u>	<u><u>\$ 66,791</u></u>

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

Schedule 2

	General Fund	Special Revenue Fund (Street)	Debt Service Reserve Fund
Cash Balance, January 1, 2020	\$ 172,256	\$ 46,939	\$ 5,494
Receipts:			
State aid	4,659	23,704	
Property taxes	7,163	2,153	
Franchise fees	6,339		
Sales taxes	56,319		
Interest	97		
Contribution from water department	70,000		
Other	435		
Transfers in	5,986		492
Total Receipts	<u>150,998</u>	<u>25,857</u>	<u>492</u>
Disbursements:			
Highways and streets		17,116	
Debt service	157,450		
Transfers out	492		5,986
Unclassified	101,739		
Total Disbursements	<u>259,681</u>	<u>17,116</u>	<u>5,986</u>
Cash Balance, December 31, 2020	<u>\$ 63,573</u>	<u>\$ 55,680</u>	<u>\$ 0</u>

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

Schedule 4

1. Cash balances on the Financial Schedules include demand and certificates of deposit.
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)	<u>\$ 25,691</u>