

Town of Pleasant Plains, Arkansas

Financial and Compliance Report

December 31, 2023 and 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF PLEASANT PLAINS, ARKANSAS
TABLE OF CONTENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Financial and Compliance Report

| | <u>Schedule</u> |
|---|-----------------|
| 2023 | |
| Schedule of Financial Information (Unaudited) | 1 |
| Combining Schedule of Financial Information – Special Revenue Funds (Unaudited) | 2 |
| 2022 | |
| Schedule of Financial Information (Unaudited) | 3 |
| Combining Schedule of Financial Information – Special Revenue Funds (Unaudited) | 4 |
| 2023 and 2022 | |
| Other Information (Unaudited) | 5 |

Arkansas



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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

Town of Pleasant Plains, 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 Pleasant Plains, Arkansas, as of and for the years ended December 31, 2023 and 2022, and have issued our report thereon dated May 28, 2025. 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 2023 and 2022:

Mayor: Kenneth Burns
Recorder/Treasurer: Fayla Henderson
Police Chief: Gary Franks (hired October 2, 2023)
Bradford Freeman (January 17, 2023 - October 2, 2023)

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 **Police Chief**.

Mayor and Police Chief:

In January 2023, the Town Council passed an ordinance to establish a Police Department (Department) that would become active in March 2023. We examined 275 of 500 citations printed and logged by the Department from April 6, 2023 through July 22, 2024, and noted the following:

- 99 citations were not traced to a court docket, in noncompliance with Ark. Code Ann. § 16-10-206.
 - 71 citations, totaling \$11,100 in fines, were paid at Town Hall, and the fines were deposited in the General Fund without charges being properly adjudicated.
 - Uniform filing fees and court costs were not charged and collected, in noncompliance with Ark. Code Ann. §§ 16-10-301 – 314.
 - 28 citations were not collected or adjudicated.
 - One defendant paid \$630 to the District Court and subsequently paid \$150 at Town Hall for the same citation.
 - One defendant paid the same citation twice at Town Hall.

We noted the following additional issues, in noncompliance with Ark. Code Ann. § 16-10-205:

- Completed citation books were not filed with the Court Clerk.
- All copies were not maintained for two voided citations.
- All copies of one citation collected were removed from the citation book.

For 250 of the citations inventoried above, citation numbers on the printer's certificate did not agree with the citation numbers on the log and citation books reviewed.

Mayor and Recorder/Treasurer

1. The Recorder/Treasurer was paid \$800 for attending Council meetings (\$100 per meeting) in 2023 without proper authorization. This amount included three payments in August 2023; however, meeting minutes indicated only one Council meeting was held.
2. Restricted Street funds of \$2,676 were expended for unallowable purposes in 2022, in noncompliance with Ark. Code Ann. §§ 26-79-104, 27-70-207.

Mayor

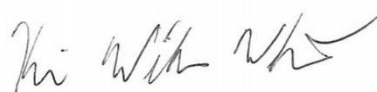
1. We were unable to locate four federal surplus equipment items, totaling \$595, purchased by the Town and the Fire Department from January 2022 through March 19, 2025.
2. The governing body did not review the prior report and accompanying comments at the first regularly scheduled meeting following receipt of the report, as required by Ark. Code Ann. § 10-4-418.
3. General and Street Fund expenditures exceeded budgeted appropriations by \$74,984 (26.3%) and \$10,649 (34.91%), respectively, in 2023, and General Fund expenditures exceeded budgeted appropriations by \$90,475 (34.77%) in 2022, in non-compliance with Ark. Code Ann. § 14-58-203.

Recorder/Treasurer:

1. Adequate supporting documentation was not maintained for tested disbursements of \$19,591 (27%) and \$23,962 (50%) in 2023 and 2022, respectively, in non-compliance with Ark. Code Ann. § 14-59-105.
2. Cash receipts and disbursements journals were not properly maintained in 2023 and 2022, in non-compliance with Ark. Code Ann. §§ 14-59-110, 111.
3. Bank reconciliations were not prepared for the Emergency Law Enforcement and American Recovery Plan Act funds for 2023 and 2022, in non-compliance with Ark. Code Ann. § 14-59-108.
4. The following deficiencies were noted during our review of payroll records:
 - The 2023 and 2022 Arkansas AR3 reports and Internal Revenue Service (IRS) 2023 third and fourth quarter 941 reports were not provided for review, as required by Ark. Code Ann. § 14-59-114.
 - IRS Form W-2 was not provided for the payroll preparer for 2022; therefore, we were unable to verify proper amounts were reported.
5. The Town transferred \$61,167 and \$5,169 from the American Rescue Plan Act Fund in 2023 and 2022, respectively, to reimburse the General Fund without proper documentation.

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



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
May 28, 2025
LOM312923

TOWN OF PLEASANT PLAINS, ARKANSAS
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule 1

| | General Fund | Special Revenue Funds |
|---------------------------------|-----------------|-----------------------------|
| Cash Balance, January 1, 2023 | \$ 197,384 | \$ 146,499 |
| Receipts: | | |
| State aid | 5,352 | 29,693 |
| Property taxes | 20,101 | 6,266 |
| Franchise fees | 12,102 | |
| Sales taxes | 230,802 | |
| Fines, forfeitures, and costs | 12,278 | |
| Interest | 285 | 125 |
| Other | 14,020 | 1,500 |
| Transfers in | 686 | |
| Total Receipts | 295,626 | 37,584 |
| Disbursements: | | |
| General government | 190,028 | |
| Law enforcement | 101,347 | 61,167 |
| Highways and streets | | 41,149 |
| Sanitation | 25,111 | |
| Wastewater | 3,699 | |
| Transfers out | | 686 |
| Unclassified | 39,879 | |
| Total Disbursements | 360,064 | 103,002 |
| Cash Balance, December 31, 2023 | \$ 132,946 | \$ 81,081 |

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

Schedule 2

| | <u>Street</u> | <u>Emergency Law Enforcement Fines</u> | <u>American Recovery Plan Act</u> | <u>Total</u> |
|---------------------------------|------------------|--|---------------------------------------|------------------|
| Cash Balance, January 1, 2023 | \$ 84,112 | \$ 1,225 | \$ 61,162 | \$ 146,499 |
| Receipts: | | | | |
| State aid | 29,693 | | | 29,693 |
| Property taxes | 6,266 | | | 6,266 |
| Interest | 119 | 1 | 5 | 125 |
| Other | 1,500 | | | 1,500 |
| Total Receipts | <u>37,578</u> | <u>1</u> | <u>5</u> | <u>37,584</u> |
| Disbursements: | | | | |
| Law enforcement | | | 61,167 | 61,167 |
| Highways and streets | 41,149 | | | 41,149 |
| Transfers out | | 686 | | 686 |
| Total Disbursements | <u>41,149</u> | <u>686</u> | <u>61,167</u> | <u>103,002</u> |
| Cash Balance, December 31, 2023 | <u>\$ 80,541</u> | <u>\$ 540</u> | <u>\$ 0</u> | <u>\$ 81,081</u> |

TOWN OF PLEASANT PLAINS, 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 | \$ 276,366 | \$ 104,756 |
| Receipts: | | |
| State aid | 5,251 | 30,391 |
| Federal aid | | 37,706 |
| Property taxes | 18,862 | 5,880 |
| Franchise fees | 12,150 | |
| Sales taxes | 221,290 | |
| Fines, forfeitures, and costs | 1,769 | |
| Interest | 399 | 129 |
| Other | 9,336 | 247 |
| Transfers in | 2,676 | 185 |
| Unclassified | | 18 |
| Total Receipts | <u>271,733</u> | <u>74,556</u> |
| Disbursements: | | |
| General government | 140,631 | |
| Law enforcement | 653 | |
| Highways and streets | | 10,493 |
| Public safety | | 5,169 |
| Sanitation | 24,573 | |
| Recreation and culture | 8,000 | |
| Contribution to sewer | 80,819 | |
| Debt service | 95,854 | 14,475 |
| Transfers out | 185 | 2,676 |
| Total Disbursements | <u>350,715</u> | <u>32,813</u> |
| Cash Balance, December 31, 2022 | <u>\$ 197,384</u> | <u>\$ 146,499</u> |

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

Schedule 4

| | <u>Street</u> | <u>Emergency Law Enforcement Fines</u> | <u>American Recovery Plan Act</u> | <u>Total</u> |
|---------------------------------|------------------|--|---------------------------------------|-------------------|
| Cash Balance, January 1, 2022 | \$ 75,103 | \$ 1,040 | \$ 28,613 | \$ 104,756 |
| Receipts: | | | | |
| State aid | 30,391 | | | 30,391 |
| Federal aid | | | 37,706 | 37,706 |
| Property taxes | 5,880 | | | 5,880 |
| Interest | 117 | | 12 | 129 |
| Other | 247 | | | 247 |
| Transfers in | | 185 | | 185 |
| Unclassified | 18 | | | 18 |
| Total Receipts | <u>36,653</u> | <u>185</u> | <u>37,718</u> | <u>74,556</u> |
| Disbursements: | | | | |
| Highways and streets | 10,493 | | | 10,493 |
| Public safety | | | 5,169 | 5,169 |
| Debt service | 14,475 | | | 14,475 |
| Transfers out | 2,676 | | | 2,676 |
| Total Disbursements | <u>27,644</u> | | <u>5,169</u> | <u>32,813</u> |
| Cash Balance, December 31, 2022 | <u>\$ 84,112</u> | <u>\$ 1,225</u> | <u>\$ 61,162</u> | <u>\$ 146,499</u> |

TOWN OF PLEASANT PLAINS, 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 | \$ 29,879 | \$ 29,879 |
| Buildings | 367,000 | 367,000 |
| Equipment | 155,791 | 148,791 |
| Totals | \$ 552,670 | \$ 545,670 |

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

| | December 31, 2022 |
|---------------------------------|----------------------|
| American Rescue Plan Act (ARPA) | \$ 37,706 |