

City of Dermott, Arkansas

Agreed-Upon Procedures Report

December 31, 2008

LEGISLATIVE JOINT AUDITING COMMITTEE



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Arkansas



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

LEGISLATIVE JOINT AUDITING COMMITTEE DIVISION OF LEGISLATIVE AUDIT

Independent Accountant's Report on Applying Agreed-Upon Procedures

City of Dermott, Arkansas Officials and Council Members
Legislative Joint Auditing Committee

We have performed the procedures enumerated below which were agreed to by the management of the City and the Legislative Joint Auditing Committee as of and for the year ended December 31, 2008. Management is responsible for maintaining the financial records and complying with state law. The procedures enumerated below were not performed for the following: Water and Sewer System and Nursing Home. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings for the General (General, Cops Fast Grant, Local Law Enforcement Block Grant, Drug Control and Police Car), Special Revenue (Street, Criminal Justice, Administration of Justice, Firemen's LOPFI, Police LOPFI, Fire Protection, Park Improvements, Capital Improvement, Special Sales Tax for Water and Street, Home Repairs, Senior Citizens Building and Municipal Judge's and Clerk's Retirement), Capital Projects (Park and Recreation, City Hall and Nursing Home) and Trust and Agency (Firemen's Pension, Police Bond and Fine, District Court, Payroll [Working Capital] and Court Cost – Act 1256) Funds are as follows:

Cash and Investments

1. Determine the ending book balance is within 10% or \$1,000, whichever is greater, of the proof of cash ending balance.

We found the following exceptions as a result of the above procedure:

The Bond and Fine Fund ending balance per proof of cash exceeded the ending book balance by \$2,347 (25%).

Book balances were not established for the District Court Fund; therefore, procedure 1 could not be performed for this fund.

Receipts

2. a. Determine total receipts per journal are within 10% or \$1,000, whichever is greater, of deposits per proof of cash.
b. Determine state turnback, sales taxes, fire protection funds and pension funds paid by the State of Arkansas were deposited in the proper fund.
c. Add one month's receipts issued and determine they are within 10% or \$250, whichever is greater, of deposits per bank accounts for all funds except the Bond and Fine, Court and Payroll Funds.
d. Add all receipts issued for the year and determine they are within 10% or \$1,000, whichever is greater, of the deposits per the proof of cash for the Court Fund.
e. If more than 500 receipts were issued for the Bond and Fine Fund, add two (2) months receipts issued and determine the total is within 10% or \$250, whichever is greater, of the deposits per bank accounts.

We found the following exception as a result of the above procedures:

Receipt journals were not established for the District Court Fund; therefore, procedure 2(a) could not be performed for this fund.

Disbursements

3. a. Determine total disbursements per journal are within 10% or \$1,000, whichever is greater, of disbursements per proof of cash.
- b. For the General and Street Funds, determine total disbursements did not exceed total appropriations by more than 20%.
- c. For 10% of disbursements (maximum of 30 for all funds, with at least one disbursement per fund except the Bond and Fine and Court Funds), determine disbursements were documented and paid in accordance with any applicable code provisions. (Materiality level - 10% of the total dollars of selected disbursements or \$1,000, whichever is greater.)
- d. For one month, determine court costs were remitted to the Department of Finance and Administration (DFA).

We found the following exception as a result of the above procedures:

Cash disbursement journals were not established for the District Court Fund; therefore, procedure 3(a) could not be performed for this fund.

Uniform Traffic Tickets

4. Randomly select ten uniform traffic tickets and trace them to the court docket and receipt for payment or to an outstanding warrant, the continued cases list or dismissal of the case by the Judge.

We found the following exception as a result of the above procedures:

Three of the ten tickets selected for testing were delinquent for payment and did not have a warrant issued nor were they included in the continued cases list.

State Law Compliance

5. Evaluate the extent to which the City complied with the following state laws as of and for the year ended December 31, 2008:
 - a. Municipal Accounting Law (§ 14-59-101 et seq.)
 - b. Improvement Contracts (§§ 22-9-202 to -204)
 - c. Budgets (§§ 14-58-201 to -203)
 - d. Investment of Public Funds (§ 19-1-501 et seq.)
 - e. Deposit of Public Funds (§§ 19-8-101 to -107)
 - f. Review of Report by Governing Body (§ 10-4-418)
 - g. District Courts Accounting Law (§§ 16-10-201 to -210)
 - h. Purchases and Payments of Claims, etc. (§ 14-58-301 et seq.)

The findings contained in this section relate to the following officials who held office during 2008:

Mayor: Floyd Gray
Clerk/Treasurer: Carolyn Williams
District Court Clerk: Sonya Mays
Police Chief: Eric Evans

We found the following exceptions as a result of the above procedures:

Clerk/Treasurer

Fixed asset purchases for the current year were not added to the fixed asset records as required by Ark. Code Ann. § 14-59-107.

Police Chief

Balances remaining in the bank again were not identified with receipts issued but not yet entered on the arrest report in noncompliance with Ark. Code Ann. § 16-10-207.

District Court Clerk

1. Bank reconciliations again were not prepared at the end of each month as required by Ark. Code Ann. § 16-10-209.
2. Cash receipt and disbursement journals again were not prepared as required by Ark. Code Ann. § 16-10-209.
3. The balance in the bank again was not identified with receipts issued for cases not yet adjudicated and the payments made on all unpaid time accounts as required by Ark. Code Ann. § 16-10-209.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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 Arkansas Code Annotated § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record and distribution is not limited.

DIVISION OF LEGISLATIVE AUDIT



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Legislative Auditor

Little Rock, Arkansas
April 13, 2009
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