

Town of Avoca, Arkansas

Agreed-Upon Procedures Report

December 31, 2008, 2007 and 2006

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

Town of Avoca, 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 Town and the Legislative Joint Auditing Committee as of and for the years ended December 31, 2008, 2007 and 2006. Management is responsible for maintaining the financial records and complying with state law. 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, Building and Park) and Special Revenue (Street) Funds are as follows:

Cash and Investments

1. Determine the ending book balance is within 10% or \$500, whichever is greater, of the proof of cash ending balance.

We found no exceptions as a result of the above procedure.

Receipts

2. a. Determine total receipts per journal are within 10% or \$500, whichever is greater, of deposits per proof of cash.
b. Determine state turnback and sales taxes 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 \$100, whichever is greater, of deposits per bank accounts for all funds.

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

General Fund savings account receipts for 2006 per journal were \$103,938 (58%) less than deposits per proof of cash.

Street Fund state turnback for 2006 of \$1,260 was deposited into the General Fund and not remitted to the Street Fund.

Disbursements

3. a. Determine total disbursements per journal are within 10% or \$500, 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), determine disbursements were documented and paid in accordance with any applicable code provisions. (Materiality level - 10% of the total dollars of selected disbursements or \$500, whichever is greater.)
d. For one month, determine court costs were remitted to the Department of Finance and Administration (DFA).

Disbursements (Continued)

3. (Continued)

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

General Fund savings account disbursements per journal for 2006 were \$103,938 (86%) less than disbursements per proof of cash.

State Law Compliance

4. Evaluate the extent to which the Town complied with the following state laws as of and for the years ended December 31, 2008, 2007 and 2006:
- Municipal Accounting Law (§ 14-59-101 et seq.)
 - Improvement Contracts (§§ 22-9-202 to -204)
 - Budgets (§§ 14-58-201 to -203)
 - Investment of Public Funds (§ 19-1-501 et seq.)
 - Deposit of Public Funds (§§ 19-8-101 to -107)
 - Review of Report by Governing Body (§ 10-4-418)

The findings contained in this section relate to the following officials who held office during 2008, 2007 and 2006:

Mayor: Thomas O'Dell
Recorder/Treasurer: Diane Bowen

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

Mayor

- The governing body did not review the agreed-upon procedures report and accompanying comments at the first regularly scheduled meeting following receipt of the report as required by Ark. Code Ann. § 10-4-418.

Recorder/Treasurer

- Six-month financial statements for January through June of 2008, 2007 and 2006 and July through December of 2006, again were not prepared or posted as required by Ark. Code Ann. § 14-59-116.
- Cash receipt and disbursement journals for the 2006 General Fund did not include all electronic deposits and transfers as required by Ark. Code Ann. §§ 14-59-110 to -111.
- Detailed fixed asset records again were not maintained as required by Ark. Code Ann. § 14-59-107.
- State aid for highway funds in the amount of \$1,260 for 2006 was not deposited to the Street Fund as required by Ark. Code Ann. § 14-59-104.

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 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 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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Little Rock, Arkansas
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