

# **City of Parkin, Arkansas**

## **Financial and Compliance Report**

**December 31, 2020**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF PARKIN, ARKANSAS  
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FOR THE YEAR ENDED DECEMBER 31, 2020

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Financial and Compliance Report

City of Parkin, 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 City of Parkin, Arkansas, as of and for the year ended December 31, 2020, and have issued our report thereon dated April 14, 2022. These procedures were not performed for the Water and Sewer Fund. Management of the City 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 2020:

Mayor: Diane Patterson  
Recorder/Treasurer: Prenita White  
District Court Clerk: Doris Jones  
Police Chief: Sylvester Kirkwood (resigned December 14, 2020)  
Buck Morris (appointed December 14, 2020)

We evaluated the City'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 **Clerk/Treasurer** and **District Court Clerk**.

#### **Clerk/Treasurer**

The following issues were noted concerning the City's payroll process:

- Payroll taxes for 2020 were not remitted timely.
- As of the report date, we could not determine that taxes owed to the Internal Revenue Service from previous years (2019, 2017, and 2016) of \$21,199 had been remitted.

A similar finding was noted in the previous four reports dating back to 2016.

#### **District Court Clerk**

Accounting procedures for district courts are set forth in Ark. Cod Ann. § 16-10-209. The City was not in compliance with this Code as listed below:

- Receipts were not deposited intact daily.
- Receipts issued were not reconciled with the monthly bank deposits.
- A bank reconciliation was not performed at the end of each month.
- Balances remaining in the bank account were not identified with receipt numbers for cases not yet adjudicated.
- Two receipts issued for money orders totaling \$280 could not be traced to bank deposits.

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 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 cursive script that reads "Roger A. Norman".

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

Little Rock, Arkansas  
April 14, 2022  
LOM107420

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

Schedule 1

	General Fund	Special Revenue Funds	Capital Projects Fund (Fire Department Project)
Cash Balance, January 1, 2020	\$ 21,293	\$ 157,493	
Receipts:			
State aid	16,395	103,512	
Federal aid	43,723	1,882	
Property taxes	16,931	8,507	
Franchise fees	43,791		
Sales taxes	160,050		
Fines, forfeitures, and costs	82,359	23,320	
Interest	38		
Local permits and fees	4,399		
Donations	600		\$ 1,000
Contributions from water and sewer department	59,262		
Insurance proceeds	3,946		30,875
Rental income	13,265		
Sanitation fees	92,185		
Other	331		
Total Receipts	<u>537,275</u>	<u>137,221</u>	<u>31,875</u>
Disbursements:			
General government	213,757		
Law enforcement	148,627	1,883	
Highways and streets		100,049	
Public safety	6,106	18,215	
Sanitation	63,901		
Health	7,046		
Recreation and culture	300		
Debt service	35,505		
Total Disbursements	<u>475,242</u>	<u>120,147</u>	
Cash Balance, December 31, 2020	<u>\$ 83,326</u>	<u>\$ 174,567</u>	<u>\$ 31,875</u>

CITY OF PARKIN, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2020  
 (UNAUDITED)

Schedule 2

	Street	Fire Equipment and Training	No Liability Insurance	Jail	Court Automation	Youth Program Grant	Fun Park Grant	Police Unit Grant Fund	Total
Cash Balance, January 1, 2020	\$ 43,535	\$ 25,759	\$ 4,445	\$ 81,048	\$ 2,482	\$ 129	\$ 94	\$ 1	\$ 157,493
Receipts:									
State aid	83,417	20,095							103,512
Federal aid								1,882	1,882
Property taxes	8,507								8,507
Fines, forfeitures, and costs			5,955	16,600	765				23,320
Total Receipts	<u>91,924</u>	<u>20,095</u>	<u>5,955</u>	<u>16,600</u>	<u>765</u>			<u>1,882</u>	<u>137,221</u>
Disbursements:									
Law enforcement								1,883	1,883
Highways and streets	100,049								100,049
Public safety		18,215							18,215
Total Disbursements	<u>100,049</u>	<u>18,215</u>						<u>1,883</u>	<u>120,147</u>
Cash Balance, December 31, 2020	<u>\$ 35,410</u>	<u>\$ 27,639</u>	<u>\$ 10,400</u>	<u>\$ 97,648</u>	<u>\$ 3,247</u>	<u>\$ 129</u>	<u>\$ 94</u>	<u>\$ 0</u>	<u>\$ 174,567</u>

CITY OF PARKIN, ARKANSAS  
OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand accounts and certificates of deposit.

2. The General Fund column on the Financial Schedules includes the following bank accounts:  
General, Sanitation, Police Equipment, and Mosquito Control

3. Cash balances at year-end in the custodial funds are as follows:

	December 31, 2020
District Court Fund	\$ 23,598
Payroll Fund	7,428

These balances represent fines, forfeitures, and costs and payroll taxes that have not been transferred to the appropriate entities.

4. The Municipality's capital assets records are summarized below:

	December 31, 2020
Land	\$ 203,239
Buildings	564,117
Equipment	1,159,643
Total	<u>\$ 1,926,999</u>

5. Outstanding balances at year-end for long-term liabilities are as follows:

	December 31, 2020
Leases payable	\$ 5,306
Notes payable	5,552
Total	<u>\$ 10,858</u>

6. The City received federal funding in the following amounts related to COVID-19 relief:

	December 31, 2020
Coronavirus Aid, Relief and Economic Security Act (CARES)	<u>\$ 43,723</u>