

City of Diamond City, Arkansas

Financial and Compliance Report

December 31, 2023 and 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF DIAMOND CITY, ARKANSAS
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Arkansas



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Senate Chair
Sen. John Payton
Senate Vice Chair

Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Diamond City, 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 Diamond City, Arkansas, as of and for the years ended December 31, 2023 and 2022, and have issued our report thereon dated October 22, 2024. These procedures were not performed for the Water and Sewer Funds. 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 2023 and 2022:

Mayor: Jaime Nuessner
Recorder: Kathy Pate
Treasurer: Eva Gray
Police Chief: Troy Burluson

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 **Mayor** and **Treasurer**.

Mayor

Expenditures exceeded budgeted appropriations in 2023 for the Street Fund by \$17,280 (33%), in noncompliance with Ark. Code Ann. § 14-58-203. A similar finding was issued in the previous two reports dating back to 2018.

City Council minutes, ordinances, and resolutions were not available for meetings held in September through December of 2023, in noncompliance with Ark. Code Ann. § 14-59-114.

Treasurer

Accounting procedures for municipalities are set forth in Ark. Code Ann. §§ 14-59-101 - 14-59-119. The City was in noncompliance with these codes and other proper accounting procedures as noted below:

- All items of revenue were not receipted in the General and Street Funds in 2023 and 2022. A similar finding was issued in the previous report.
- Bank reconciliations were not approved by a municipal official or employee, other than the person preparing the reconciliation. A similar finding was issued in the previous two reports dating back to 2018.
- Cash disbursements journals for the General Fund (Payroll Account) were not properly maintained. A similar finding was issued in the previous two reports dating back to 2018.
- Cash receipts journals were not properly posted for the General and Street Fund. A similar finding was issued in the previous two reports dating back to 2018.
- Invoices and supporting documentation were not maintained for all disbursements. A similar finding was issued in the previous two reports dating back to 2018.
- A listing of fixed assets was established, but did not include additions, deletions, and a control total.

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 black ink, appearing to read "Kevin White" with a stylized flourish at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
October 22, 2024
LOM204423

CITY OF DIAMOND CITY, ARKANSAS
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule 1

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Cash Balance, January 1, 2023	\$ 291,492	\$ 243,215
Receipts:		
State aid	11,510	63,858
Property taxes	68,257	7,115
Franchise fees	9,336	8,897
Sales taxes	216,700	
Fines, forfeitures, and costs	3,937	
Interest	787	401
Local permits and fees	10,074	
Other	28,761	1,495
Unclassified	4,039	231
Total Receipts	<u>353,401</u>	<u>81,997</u>
Disbursements:		
General government	120,835	60,746
Law enforcement	111,093	
Highways and streets		115,471
Recreation and culture	21,579	
Debt service	17,345	
Unclassified	4,443	
Total Disbursements	<u>275,295</u>	<u>176,217</u>
Cash Balance, December 31, 2023	<u>\$ 369,598</u>	<u>\$ 148,995</u>

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

Schedule 2

	<u>Street</u>	<u>American Rescue Plan Act (ARPA)</u>	<u>Total</u>
Cash Balance, January 1, 2023	\$ 157,347	\$ 85,868	\$ 243,215
Receipts:			
State aid	63,858		63,858
Property taxes	7,115		7,115
Franchise fees	8,897		8,897
Interest	267	134	401
Other	1,495		1,495
Unclassified	231		231
Total Receipts	<u>81,863</u>	<u>134</u>	<u>81,997</u>
Disbursements:			
General government		60,746	60,746
Highways and streets	115,471		115,471
Total Disbursements	<u>115,471</u>	<u>60,746</u>	<u>176,217</u>
Cash Balance, December 31, 2023	<u>\$ 123,739</u>	<u>\$ 25,256</u>	<u>\$ 148,995</u>

CITY OF DIAMOND CITY, 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	\$ 206,531	\$ 243,004
Receipts:		
State aid	16,676	65,357
Federal aid	3,000	82,872
Property taxes	60,564	5,266
Franchise fees	50,930	
Sales taxes	211,387	
Fines, forfeitures, and costs	2,484	
Interest	691	495
Local permits and fees	11,407	
Other	20,798	1,082
Unclassified		48
Total Receipts	<u>377,937</u>	<u>155,120</u>
Disbursements:		
General government	141,009	80,000
Law enforcement	115,038	
Highways and streets		74,909
Recreation and culture	18,571	
Debt service	16,229	
Unclassified	2,129	
Total Disbursements	<u>292,976</u>	<u>154,909</u>
Cash Balance, December 31, 2022	<u>\$ 291,492</u>	<u>\$ 243,215</u>

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

Schedule 4

	<u>Street</u>	<u>American Rescue Plan Act (ARPA)</u>	<u>Total</u>
Cash Balance, January 1, 2022	\$ 160,151	\$ 82,853	\$ 243,004
Receipts:			
State aid	65,357		65,357
Federal aid		82,872	82,872
Property taxes	5,266		5,266
Interest	400	95	495
Other	1,082		1,082
Unclassified		48	48
Total Receipts	<u>72,105</u>	<u>83,015</u>	<u>155,120</u>
Disbursements:			
General government		80,000	80,000
Highways and streets	74,909		74,909
Total Disbursements	<u>74,909</u>	<u>80,000</u>	<u>154,909</u>
Cash Balance, December 31, 2022	<u>\$ 157,347</u>	<u>\$ 85,868</u>	<u>\$ 243,215</u>

CITY OF DIAMOND CITY, ARKANSAS
 OTHER INFORMATION
 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (UNAUDITED)

Schedule 5

1. Cash balances on the Financial Schedules include demand and savings accounts.

2. The General Fund column on the Financial Schedules includes the following bank accounts:
 General, General Capital Outlay, Payroll, and General Maintenance

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

	December 31, 2023	December 31, 2022
Land	\$ 433,540	\$ 433,540
Buildings	95,000	95,000
Equipment	312,508	312,508
Totals	\$ 841,048	\$ 841,048

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

	December 31, 2023	December 31, 2022
Financed purchases	\$ 85,526	\$ 99,820

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

	December 31, 2022
American Rescue Plan Act (ARPA)	\$ 82,872