Town of Denning, Arkansas

Financial and Compliance Report

December 31, 2024, 2023, and 2022

LEGISLATIVE JOINT AUDITING COMMITTEE

TOWN OF DENNING, ARKANSAS
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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

Town of Denning, 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 Denning, Arkansas, as of and for the years ended December 31, 2024, 2023, and 2022, and have issued our report thereon dated January 7, 2026. These procedures were not performed for the Water Department. 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 2024, 2023, and 2022:

Mayor: Paul Lee
Recorder/Treasurer: Candice Harmon (appointed June 12, 2023)
Vacant (January 1, 2022 through June 11, 2023)
Recorder: Candice Harmon (January 1, 2022 through June 11, 2023)
Bookkeeper: Pam Minshew (May 2022 through June 2023)
Jennifer Thomas (January 2022 through May 2022)

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 Bookkeeper.**

Mayor

The Town made payments totaling $4,300, $2,170, and $3,858 in 2024, 2023, and 2022, respectively without an authorizing ordinance, as required by Ark. Code Ann. § 14-42-107:

- $4,365 paid to a Council member for mowing services.
- $3,700 and $400 paid to a Council member for cleaning services and mowing services, respectively.
- $1,319 paid to the Mayor for various services.
- $544 paid to the Recorder/Treasurer for various services.

Budgets were not adopted by ordinance or resolution, as required by Ark. Code Ann. § 14-58-202. A similar finding was issued in the prior report.

The minutes of the governing body did not document the review of the findings contained in the prior year report and the action taken, as required by Ark. Code Ann. § 10-4-418.

Recorder/Treasurer and Bookkeeper

A review of disbursements revealed that supporting documentation was not maintained for the following disbursements, in noncompliance with Ark. Code Ann. § 14-59-105:

- $3,213 (4%), $2,309 (2%), and $2,045 (1%) disbursed in 2024, 2023, and 2022, respectively. The majority of these disbursements were to the Mayor, who was unable to provide an explanation or documentation; therefore, the validity and propriety of these disbursements could not be determined.
- $17,897 (20%), $42,727 (38%), and $75,181 (43%) disbursed in 2024, 2023, and 2022, respectively, to vendors that appear to be for a legitimate business purpose; however, supporting documentation was not available. A similar finding was issued in the prior report.

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

- Prenumbered checks were not issued for all disbursements. A similar finding was issued in the prior report.
- Electronic disbursements were made without proper approval of the Town Council (by ordinance) and without establishing written policies and procedures to ensure that the EFT payment system provides for internal accounting controls and documentation for audit and accounting purposes.
- Checks did not always contain the signature of two authorized disbursing officers.
- A fixed asset listing was not established. A similar finding was issued in the prior report.
- Annual financial statements were not prepared and posted.
- Bank accounts were not reconciled for 2023 and 2022. Bank reconciliations prepared for 2024 were not accurate and were not approved by someone other than the preparer. A finding regarding approval of bank reconciliations was issued in the prior report.
- Prenumbered receipts were not issued for all funds received. A similar finding was issued in the prior report.
- Cash receipts journals were not prepared for 2023 and 2022. Cash receipts journals for 2024 did not include all receipts and were not reconciled to total deposits per the bank. A similar finding was issued in the prior report.
- Cash disbursement journals were not prepared for 2022 and 2023. Cash disbursement journals for 2024 did not include all disbursements and were not reconciled to total disbursements per bank. A similar finding was issued in the prior report.

The following issues were noted during review of payroll records:

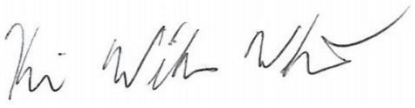
- Internal Revenue Service (IRS) quarterly 941 reports, W-2 forms, W-3 forms, and Department of Finance and Administration (DFA) ARW-3 forms were not provided for inspection for 2023 and 2022. A similar finding was issued in the prior report.
- Individual payroll records were not maintained.
- Authorized salaries could not be determined for the Mayor and Recorder/Treasurer. A similar finding was issued in the prior report.
- In 2024, the Town paid penalties and interest of $1,970 to the IRS for late filings.
- IRS 941 taxes due quarterly during 2024 were all paid late (on May 14, 2025).

Mayor and Recorder/Treasurer

Restricted Street Fund monies totaling $9,770 were used to pay Water Department repairs and maintenance in 2024, in noncompliance with Ark. Code Ann. § 27-70-207.

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
January 7, 2026
LOM305024

TOWN OF DENNING, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Fund (Street)
Cash Balance, January 1, 2024	$ 53,151	$ 33,025
Receipts:		
State aid	2,974	16,446
Property taxes	8,709	2,614
Sales taxes	51,688	
Interest	603	
Other	9,328	
Total Receipts	73,302	19,060
Disbursements:		
General government	76,894	
Highways and streets		16,221
Total Disbursements	76,894	16,221
Cash Balance, December 31, 2024	$ 49,559	$ 35,864

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

Schedule 2

	General Fund	Special Revenue Fund (Street)
Cash Balance, January 1, 2023	$ 79,394	$ 36,362
Receipts:		
State aid	3,041	16,871
Property taxes	8,621	2,587
Sales taxes	48,385	
Interest	585	
Unclassified	25,801	
Total Receipts	86,433	19,458
Disbursements:		
Highways and streets		22,795
Contribution to water department	22,664	
Unclassified	90,012	
Total Disbursements	112,676	22,795
Cash Balance, December 31, 2023	$ 53,151	$ 33,025

TOWN OF DENNING, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Schedule 3

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2022	$ 105,970	$ 66,791
Receipts:		
State aid	2,984	17,267
Federal aid		25,691
Property taxes	7,151	2,130
Sales taxes	45,701	
Interest	117	
Unclassified	13,480	
Total Receipts	69,433	45,088
Disbursements:		
General government		51,382
Highways and streets		24,135
Unclassified	96,009	
Total Disbursements	96,009	75,517
Cash Balance, December 31, 2022	$ 79,394	$ 36,362

TOWN OF DENNING, ARKANSAS

Schedule 4

COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2022

(UNAUDITED)

	Street	American Rescue Plan	Total
Cash Balance, January 1, 2022	$ 41,100	$ 25,691	$ 66,791
Receipts:			
State aid	17,267		17,267
Federal aid		25,691	25,691
Property taxes	2,130		2,130
Total Receipts	19,397	25,691	45,088
Disbursements:			
General government		51,382	51,382
Highways and streets	24,135		24,135
Total Disbursements	24,135	51,382	75,517
Cash Balance, December 31, 2022	$ 36,362	$ 0	$ 36,362

TOWN OF DENNING, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022
(UNAUDITED)

Schedule 5

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

2. The Municipality's capital assets records were not available.

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

	December 31, 2022
American Rescue Plan Act (ARPA)	$ 25,691