

City of Elaine, Arkansas

Financial and Compliance Report

December 31, 2019 and 2018

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF ELAINE, ARKANSAS
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FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

Financial and Compliance Report

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Arkansas



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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 Elaine, 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 Elaine, Arkansas, as of and for the years ended December 31, 2019 and 2018, and have issued our report thereon dated February 4, 2021. These procedures were not performed for the Water and Sewer Department. 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 2019 and 2018:

Mayor: Michael Cravens
Recorder/Treasurer: Patricia Caery (2019), Sandra Carlton (2018)
District Court Clerk: Patricia Caery (2019), Sandra Carlton (2018)
Police Chief: Alvin Scaife

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 **District Court Clerk**.

Mayor

An audit or agreed-upon procedures report and compilation was not obtained for the City's Water and Sewer Department for 2017, 2018, or 2019, as required by Ark. Code Ann. § 14-234-119.

District Court Clerk

Balances remaining in the bank at December 31, 2019 and 2018, of \$1,223 and \$829, respectively, were not identified with receipts issued for cases not yet adjudicated, as required by Ark. Code Ann. § 16-10-209. A similar finding was noted in the previous three reports dating back to 2014.

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

Handwritten signature of Roger A. Norman in black ink.

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

Little Rock, Arkansas
February 4, 2021
LOM205119

CITY OF ELAINE, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

Schedule 1

| | <u>General Fund</u> | <u>Special Revenue Funds</u> | <u>Pension Trust Funds</u> |
|--|-------------------------|--------------------------------------|------------------------------------|
| Cash and Investments Balance, January 1, 2019 | <u>\$ 384,146</u> | <u>\$ 142,134</u> | <u>\$ 198,022</u> |
| Receipts: | | | |
| State aid | 10,055 | 55,629 | 2,700 |
| Federal aid | 25,214 | 60,728 | |
| Property taxes | 11,102 | 4,992 | 610 |
| Franchise fees | 23,767 | | |
| Sales taxes | 151,442 | | |
| Fines, forfeitures, and costs | 1,093 | | |
| Interest | 620 | | 12,101 |
| Local permits and fees | 1,415 | | |
| Net increase/(decrease) in fair value of investments | | | 626 |
| Other | 442 | 4,640 | |
| Transfers in | | 100 | |
| Total Receipts | <u>225,150</u> | <u>126,089</u> | <u>16,037</u> |
| Disbursements: | | | |
| General government | 139,344 | | |
| Law enforcement | 39,155 | | |
| Highways and streets | 16,969 | 33,782 | |
| Public safety | 16,348 | 91,995 | 21,175 |
| Sanitation | 5,755 | | |
| Health | 1,012 | | |
| Recreation and culture | 862 | | |
| Debt service | 15,000 | | |
| Transfers out | 100 | | |
| Total Disbursements | <u>234,545</u> | <u>125,777</u> | <u>21,175</u> |
| Cash and Investments Balance, December 31, 2019 | <u>\$ 374,751</u> | <u>\$ 142,446</u> | <u>\$ 192,884</u> |

CITY OF ELAINE, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (UNAUDITED)

Schedule 2

| | Street | City Park | Drug Control | City Projects | Fire Equipment and Training (Act 833) | Fire Department | Civic Center | Drainage Grant | ACEDP Fire Equipment | Total |
|---------------------------------|-------------------|---------------|---------------|---------------|--|--------------------|-----------------|-------------------|----------------------------|-------------------|
| Cash Balance, January 1, 2019 | \$ 117,461 | \$ 489 | \$ 114 | \$ 267 | \$ 22,752 | \$ 81 | 969 | \$ 1 | | \$ 142,134 |
| Receipts: | | | | | | | | | | |
| State aid | 45,601 | | | | 10,028 | | | | | 55,629 |
| Federal aid | | | | | | | | | \$ 60,728 | 60,728 |
| Property taxes | 3,365 | | | | 1,627 | | | | | 4,992 |
| Other | 2,140 | | | | 2,500 | | | | | 4,640 |
| Transfers in | | | | | | | | | 100 | 100 |
| Total Receipts | <u>51,106</u> | | | | <u>14,155</u> | | | | <u>60,828</u> | <u>126,089</u> |
| Disbursements: | | | | | | | | | | |
| Highways and streets | 33,782 | | | | | | | | | 33,782 |
| Public safety | | | | | 31,247 | | | | 60,748 | 91,995 |
| Total Disbursements | <u>33,782</u> | | | | <u>31,247</u> | | | | <u>60,748</u> | <u>125,777</u> |
| Cash Balance, December 31, 2019 | <u>\$ 134,785</u> | <u>\$ 489</u> | <u>\$ 114</u> | <u>\$ 267</u> | <u>\$ 5,660</u> | <u>\$ 81</u> | <u>\$ 969</u> | <u>\$ 1</u> | <u>\$ 80</u> | <u>\$ 142,446</u> |

CITY OF ELAINE, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018
(UNAUDITED)

Schedule 3

| | General Fund | Special Revenue Funds | Firemen's Pension Trust Fund |
|--|-------------------|-----------------------------|------------------------------------|
| Cash and Investments Balance, January 1, 2018 | \$ 378,208 | \$ 141,414 | \$ 202,175 |
| Receipts: | | | |
| State aid | 10,074 | 68,373 | 2,849 |
| Property taxes | 21,791 | 8,255 | 5,120 |
| Franchise fees | 22,861 | | |
| Sales taxes | 144,678 | | |
| Fines, forfeitures, and costs | 10,372 | | |
| Interest | 502 | | 10,961 |
| Local permits and fees | 603 | | |
| Loan proceeds | 82,200 | | |
| Net increase/(decrease) in fair value of investments | | | 1,810 |
| Other | 213 | 930 | |
| Transfers in | | 1 | |
| Total Receipts | <u>293,294</u> | <u>77,559</u> | <u>20,740</u> |
| Disbursements: | | | |
| General government | 118,802 | | |
| Law enforcement | 36,031 | 32,328 | |
| Highways and streets | 16,140 | 36,731 | |
| Public safety | 111,290 | 7,780 | 24,893 |
| Sanitation | 2,750 | | |
| Health | 1,012 | | |
| Recreation and culture | 1,330 | | |
| Transfers out | 1 | | |
| Total Disbursements | <u>287,356</u> | <u>76,839</u> | <u>24,893</u> |
| Cash and Investments Balance, December 31, 2018 | <u>\$ 384,146</u> | <u>\$ 142,134</u> | <u>\$ 198,022</u> |

CITY OF ELAINE, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018
 (UNAUDITED)

Schedule 4

| | Street | City Park | Drug Control | City Projects | Fire Equipment and Training (Act 833) | Fire Department | Civic Center | Drainage Grant | 2017 Police Car Grant | 2016 Police Car Grant | Total |
|---------------------------------|-------------------|---------------|---------------|---------------|--|--------------------|-----------------|-------------------|-----------------------------|-----------------------------|-------------------|
| Cash Balance, January 1, 2018 | \$ 100,462 | \$ 489 | \$ 114 | \$ 267 | \$ 23,773 | \$ 81 | \$ 969 | \$ 1 | \$ 15,258 | \$ 0 | \$ 141,414 |
| Receipts: | | | | | | | | | | | |
| State aid | 44,545 | | | | 6,759 | | | | 17,000 | 69 | 68,373 |
| Property taxes | 8,255 | | | | | | | | | | 8,255 |
| Other | 930 | | | | | | | | | | 930 |
| Transfers in | | | | | | | | | | 1 | 1 |
| Total Receipts | <u>53,730</u> | | | | <u>6,759</u> | | | | <u>17,000</u> | <u>70</u> | <u>77,559</u> |
| Disbursements: | | | | | | | | | | | |
| Law enforcement | | | | | | | | | 32,258 | 70 | 32,328 |
| Highways and streets | 36,731 | | | | | | | | | | 36,731 |
| Public safety | | | | | 7,780 | | | | | | 7,780 |
| Total Disbursements | <u>36,731</u> | | | | <u>7,780</u> | | | | <u>32,258</u> | <u>70</u> | <u>76,839</u> |
| Cash Balance, December 31, 2018 | <u>\$ 117,461</u> | <u>\$ 489</u> | <u>\$ 114</u> | <u>\$ 267</u> | <u>\$ 22,752</u> | <u>\$ 81</u> | <u>\$ 969</u> | <u>\$ 1</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 142,134</u> |

CITY OF ELAINE, ARKANSAS
 OTHER INFORMATION
 FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
 (UNAUDITED)

Schedule 5

1. Cash and investments balances on the Financial Schedules include demand accounts, money market, certificates of deposit, and mutual funds.
2. The General Fund column on the Financial Schedules includes the following bank accounts:
 General and General Fund Ready Investments
3. Cash balances at year-end in the custodial fund are as follows:

| | December 31, 2019 | December 31, 2018 |
|---------------------|----------------------|----------------------|
| District Court Fund | \$ 1,223 | \$ 829 |

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

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

| | December 31, 2019 |
|-----------|----------------------|
| Land | \$ 23,378 |
| Buildings | 837,000 |
| Equipment | 590,454 |
| Total | \$ 1,450,832 |

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

| | December 31, 2019 | December 31, 2018 |
|---------------|----------------------|----------------------|
| Notes payable | \$ 68,507 | \$ 82,200 |