

City of Elm Springs, Arkansas

Financial and Compliance Report

December 31, 2019 and 2018

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF ELM SPRINGS, 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 Elm Springs, 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 Elm Springs, Arkansas, as of and for the years ended December 31, 2019 and 2018, and have issued our report thereon dated January 14, 2021. These procedures were not performed for the Sewer Fund. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings/commentary contained in this section relates to the following officials who held office during 2019 and 2018:

Mayor: Harold Douthit
Recorder/Treasurer: Twila Taylor
District Court Clerk: Mary Norman (resigned March 22, 2018)
Cheryl Morgan (appointed April 26, 2018; resigned July 25, 2019)
Police Chief: Jason Hiatt

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**, **Recorder/Treasurer**, and **District Court Clerk**.

Mayor

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

Expenditures exceeded budgeted appropriations in 2019 for the Street Fund by \$99,025 (61%), and in 2018 for the General and Street Fund by \$185,054 (29%) and \$40,993 (29%), respectively, in noncompliance with Ark. Code Ann. § 14-58-203. A similar finding was issued in the prior report.

Recorder/Treasurer

Bank reconciliations were not approved by a municipal official or employee, other than the person preparing the reconciliation, in noncompliance with Ark. Code Ann. § 14-59-108. A similar finding was issued in the prior report.

District Court Clerk

A reconciliation of the individual citations in the completed citation book to the individual citations as reflected on the arrest reports or court docket was not performed on a quarterly basis, as required by Ark. Code Ann. § 16-10-209.

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



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

Little Rock, Arkansas
January 14, 2021
LOM120119

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

Schedule 1

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Cash Balance, January 1, 2019	<u>\$ 1,435,147</u>	<u>\$ 117,230</u>
Receipts:		
State aid	29,927	135,727
Property taxes	215,240	26,395
Franchise fees	119,134	
Sales taxes	514,983	
Fines, forfeitures, and costs	107,948	21,530
Interest	14,162	292
Local permits and fees	116,490	
Grant		10,995
Court cost sharing agreement with Tontitown	31,162	
Contribution from sewer		1,182
Sale of equipment	0	5,000
Other	3,704	2,983
Transfers in		10,000
Total Receipts	<u>1,152,750</u>	<u>214,104</u>
Disbursements:		
General government	385,259	
Law enforcement	390,969	36,077
Highways and streets	1,264	262,175
Public safety	45,448	
Sanitation	417	
Transfers out	10,000	
Contribution to sewer	5,000	
Total Disbursements	<u>838,357</u>	<u>298,252</u>
Cash Balance, December 31, 2019	<u>\$ 1,749,540</u>	<u>\$ 33,082</u>

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

Schedule 2

	Street	Emergency Vehicles (Act 988)	Forfeiture of Assets	Court Automation	Total
Cash Balance, January 1, 2019	\$ 101,324	\$ 10,206	\$ 3,633	\$ 2,067	\$ 117,230
Receipts:					
State aid	135,727				135,727
Property taxes	26,395				26,395
Fines, forfeitures, and costs		10,765		10,765	21,530
Interest	29	199	35	29	292
Grant	10,995				10,995
Contribution from sewer	1,182				1,182
Sale of equipment		5,000			5,000
Other	182	2,801			2,983
Transfers in		10,000			10,000
Total Receipts	<u>174,510</u>	<u>28,765</u>	<u>35</u>	<u>10,794</u>	<u>214,104</u>
Disbursements:					
Law enforcement		26,701		9,376	36,077
Highways and streets	262,175				262,175
Total Disbursements	<u>262,175</u>	<u>26,701</u>		<u>9,376</u>	<u>298,252</u>
Cash Balance, December 31, 2019	<u>\$ 13,659</u>	<u>\$ 12,270</u>	<u>\$ 3,668</u>	<u>\$ 3,485</u>	<u>\$ 33,082</u>

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

Schedule 3

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Cash Balance, January 1, 2018	<u>\$ 1,534,139</u>	<u>\$ 151,164</u>
Receipts:		
State aid	29,985	132,586
Federal aid	110,316	
Property taxes	198,728	24,515
Franchise fees	133,324	
Sales taxes	497,564	
Fines, forfeitures, and costs	77,935	16,712
Interest	3,857	143
Local permits and fees	76,384	
Grant	1,419	
Other	22,865	1,465
Transfers in	13,225	
Total Receipts	<u>1,165,602</u>	<u>175,421</u>
Disbursements:		
General government	381,298	
Law enforcement	401,192	13,037
Highways and streets	1,629	183,093
Public safety	45,449	
Recreation and culture	26	
Transfers out		13,225
Contribution to sewer	435,000	
Total Disbursements	<u>1,264,594</u>	<u>209,355</u>
Cash Balance, December 31, 2018	<u><u>\$ 1,435,147</u></u>	<u><u>\$ 117,230</u></u>

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

Schedule 4

	Street	Emergency Vehicles (Act 988)	Forfeiture of Assets	Court Automation	Total
Cash Balance, January 1, 2018	\$ 126,516	\$ 14,568	\$ 3,615	\$ 6,465	\$ 151,164
Receipts:					
State aid	132,586				132,586
Property taxes	24,515				24,515
Fines, forfeitures, and costs		9,655		7,057	16,712
Interest	54	53	18	18	143
Other	746	719			1,465
Total Receipts	<u>157,901</u>	<u>10,427</u>	<u>18</u>	<u>7,075</u>	<u>175,421</u>
Disbursements:					
Law enforcement		1,564		11,473	13,037
Highways and streets	183,093				183,093
Transfers out		13,225			13,225
Total Disbursements	<u>183,093</u>	<u>14,789</u>		<u>11,473</u>	<u>209,355</u>
Cash Balance, December 31, 2018	<u>\$ 101,324</u>	<u>\$ 10,206</u>	<u>\$ 3,633</u>	<u>\$ 2,067</u>	<u>\$ 117,230</u>

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

Schedule 5

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

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
District Court Fund	\$ 96,647	\$ 53,178
Administration of Justice Fund	7,252	7,317

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

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Land	\$ 80,773	\$ 80,773
Buildings	385,606	378,844
Equipment	<u>568,373</u>	<u>521,835</u>
Totals	<u>\$ 1,034,752</u>	<u>\$ 981,452</u>