

**City of Mountain Pine, Arkansas**

**Financial and Compliance Report**

**December 31, 2017**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF MOUNTAIN PINE, ARKANSAS  
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FOR THE YEAR ENDED DECEMBER 31, 2017

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# Arkansas

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House Vice Chair

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Financial and Compliance Report

City of Mountain Pine, 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 Mountain Pine, Arkansas, as of and for the year ended December 31, 2017, and have issued our report thereon dated June 27, 2018. 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 2017:

Mayor: Rick Petty, Sr. (January 1 through September 28, 2017)  
Morgan Wiles (appointed interim Mayor September 28, 2017 through November 30, 2017)  
Rick Petty, Sr. (returned to Mayor duties November 30, 2017)  
Recorder/Treasurer: Tambrea Bailey

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 **Recorder/Treasurer**.

#### **Mayor**

Upon his resignation from employment, a police officer was given the City's police dog in lieu of payment for compensatory time. The City had no policy for paying employees for compensatory time, and documentation did not exist to substantiate the officer's compensatory time. Additionally, the City Council did not vote on or pass a resolution authorizing this conveyance of city property, as required by Ark. Code Ann. § 14-54-302. It should also be noted that, at December 31, 2017, the City still owed \$3,477 toward the purchase of the police dog.

#### **Recorder/Treasurer**

Bank reconciliations were not approved by someone other than the person preparing them, in noncompliance with Ark. Code Ann. § 14-59-108.

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 cursive.

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

Little Rock, Arkansas  
June 27, 2018  
LOM213417

CITY OF MOUNTAIN PINE, ARKANSAS  
 SCHEDULE OF FINANCIAL INFORMATION  
 FOR THE YEAR ENDED DECEMBER 31, 2017  
 (UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
	<u>          </u>	<u>          </u>
Cash Balance, January 1, 2017	\$ 11,400	\$ 86,292
Receipts:		
State aid	12,212	91,595
Property taxes	10,971	4
Franchise fees	32,380	
Sales taxes	126,431	
Fines, forfeitures, and costs	530	
Interest	29	78
Local permits and fees	1,180	38,832
Donations		50
Rental Income	4,850	
Other	6,473	5,879
Total Receipts	<u>195,056</u>	<u>136,438</u>
Disbursements:		
General government	105,852	
Law enforcement	7,904	
Highways and streets		36,848
Public safety		76,926
Sanitation		34,664
Debt service	3,644	3,378
Sales tax remitted to Garland County	40,744	
Unclassified	13	256
Total Disbursements	<u>158,157</u>	<u>152,072</u>
Cash Balance, December 31, 2017	<u>\$ 48,299</u>	<u>\$ 70,658</u>

CITY OF MOUNTAIN PINE, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017  
 (UNAUDITED)

Schedule 2

	<u>Street</u>	<u>Solid Waste</u>	<u>Fire</u>	<u>Jail</u>	<u>Total</u>
Cash Balance, January 1, 2017	\$ 15,376	\$ 12,790	\$ 47,095	\$ 11,031	\$ 86,292
Receipts:					
State aid	52,969		38,626		91,595
Property taxes	4				4
Interest	26	24	28		78
Local permits and fees		35,238	3,594		38,832
Donations			50		50
Other	5,604		275		5,879
Total Receipts	<u>58,603</u>	<u>35,262</u>	<u>42,573</u>		<u>136,438</u>
Disbursements:					
Highways and streets	36,848				36,848
Public safety			76,926		76,926
Sanitation		34,664			34,664
Debt service	3,378				3,378
Unclassified		131	125		256
Total Disbursements	<u>40,226</u>	<u>34,795</u>	<u>77,051</u>		<u>152,072</u>
Cash Balance, December 31, 2017	<u>\$ 33,753</u>	<u>\$ 13,257</u>	<u>\$ 12,617</u>	<u>\$ 11,031</u>	<u>\$ 70,658</u>

CITY OF MOUNTAIN PINE, ARKANSAS  
OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand accounts.
2. The Municipality's capital assets records are summarized below:

	<u>December 31,</u> <u>2017</u>
Land	\$ 61,817
Buildings	221,461
Equipment	<u>573,994</u>
Total	<u>\$ 857,272</u>

3. The outstanding balance at year-end for long-term liabilities is as follows:

	<u>December 31,</u> <u>2017</u>
Notes payable	<u>\$ 15,003</u>