

Town of Delaplaine, Arkansas

Financial and Compliance Report

December 31, 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF DELAPLAINE, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2020

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

Town of Delaplaine, 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 Delaplaine, Arkansas, as of and for the year ended December 31, 2020, and have issued our report thereon dated June 15, 2021. These procedures were not performed for the Water and Sewer 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 2020:

Mayor: Eli Murray
Recorder/Treasurer: Charles Murray
Assistant Fire Chief: Dusty Murray

We evaluated the Town's compliance with certain state laws concerning general accounting, budgeting, purchasing, and investing and depositing of public funds.

Noncompliance with state law and accepted accounting practices was noted in the offices of the **Mayor, Recorder/Treasurer, and Assistant Fire Chief.**

Mayor:

The 2020 budget was not adopted by ordinance or resolution, in noncompliance with Ark. Code Ann. § 14-58-202. A similar finding was issued in the prior report.

Recorder/Treasurer:

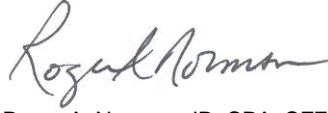
1. Bank reconciliations were not prepared for the General and Street Funds, in noncompliance with Ark. Code Ann. § 14-59-108. A similar finding was issued in the prior report.
2. A detailed fixed asset listing was not established, and the governing body did not adopt a policy defining fixed assets, as required by Ark. Code Ann. § 14-59-107. A similar finding was noted in the previous two reports dating back to 2016.
3. Adequate supporting documentation was not provided for tested disbursements of \$4,141 (51%), in noncompliance with Ark. Code Ann. § 14-59-105. A similar finding was noted in the prior report.
4. Internal Revenue Service (IRS) quarterly 941 Forms were not provided therefore, we could not determine if the amount of taxes remitted was proper. In addition, Arkansas Department of Finance Form AR3 was not provided. A similar finding was noted in the previous three reports dating back to 2013.
5. Monthly financial reports were not submitted to the council, as required by Ark. Code Ann. § 14-59-115.

Assistant Fire Chief:

Bank reconciliations were not prepared for the Fire Equipment and Training Fund, in noncompliance with Ark. Code Ann. § 14-59-108. A similar finding was issued in the prior report.

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

A handwritten signature in black ink that reads "Roger A. Norman". The signature is written in a cursive style with a large initial 'R'.

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

Little Rock, Arkansas
June 15, 2021
LOM304820

TOWN OF DELAPLAINE, ARKANSAS
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (UNAUDITED)

Schedule 1

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Cash Balance, January 1, 2020	\$ 32,066	\$ 98,314
Receipts:		
State aid	1,721	8,757
Property taxes	2,390	854
Franchise fees	2,627	
Sales taxes	18,406	
Interest	38	124
Refunds	1,590	
Contribution from county		825
Loan repayment from employee		3,235
Other	226	356
Total Receipts	<u>26,998</u>	<u>14,151</u>
Disbursements:		
General government	34,658	
Highways and streets		1,667
Total Disbursements	<u>34,658</u>	<u>1,667</u>
Cash Balance, December 31, 2020	<u>\$ 24,406</u>	<u>\$ 110,798</u>

TOWN OF DELAPLAINE, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (UNAUDITED)

Schedule 2

	<u>Street</u>	<u>Fire Equipmnet and Training</u>	<u>Total</u>
Cash Balance, January 1, 2020	<u>\$ 81,691</u>	<u>\$ 16,623</u>	<u>\$ 98,314</u>
Receipts:			
State aid	8,757		8,757
Property taxes	854		854
Interest	123	1	124
Contribution from county	825		825
Loan repayment from employee		3,235	3,235
Other	350	6	356
Total Receipts	<u>10,909</u>	<u>3,242</u>	<u>14,151</u>
Disbursements:			
Highways and streets	<u>1,667</u>		<u>1,667</u>
Cash Balance, December 31, 2020	<u><u>\$ 90,933</u></u>	<u><u>\$ 19,865</u></u>	<u><u>\$ 110,798</u></u>

TOWN OF DELAPLAINE, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand accounts.
2. The Municipality's capital assets records were not available.
3. Our 2019 and 2018 report included a finding regarding monies borrowed by Town employees from the Fire Department totaling \$9,647. The employees are making payments to the Fire Department and the balance remaining is noted below:

	<u>December 31, 2020</u>
Loan to employees	<u>\$ 6,412</u>