

Town of Perla, Arkansas

Financial and Compliance Report

December 31, 2017

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF PERLA, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2017

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Arkansas

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Sen. Lance Eads
Senate Vice Chair



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House Chair
Rep. Mary Bentley
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

Town of Perla, 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 Perla, Arkansas, as of and for the year ended December 31, 2017, and have issued our report thereon dated October 23, 2018. 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 2017:

Mayor: Raymond Adams
Recorder/Treasurer: Johnnie Willis

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.

Our procedures indicated that the office of **Recorder/Treasurer** was in substantial compliance with Arkansas fiscal and financial laws. Noncompliance with state law and accepted accounting practices was noted in the office of **Mayor**.

Mayor

An agreed-upon procedures report was not obtained and submitted to Arkansas Legislative Audit for the Town's Water and Sewer Systems for years 2014 through 2016, as required by Ark. Code Ann. § 14-234-119. The report for the years 2015 and 2014 has been prepared but not released due to a contractual disagreement with the preparer.

We noted in the August 14, 2017, minutes that the Town Council approved a \$110,000 loan of Re-Use Grant funds to the City Water and Sewer Department. We recommend the City seek legal counsel to determine whether this meets Re-Use Grant guidelines.

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

Handwritten signature of Roger A. Norman in cursive.

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

Little Rock, Arkansas
October 23, 2018
LOM312517

TOWN OF PERLA, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

Schedule 1

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Cash Balance, January 1, 2017	\$ 44,986	\$ 326,143
Receipts:		
State aid	3,822	16,579
Property taxes	9,201	6,903
Franchise fees	6,156	
Sales taxes	60,259	
Interest	70	270
Total Receipts	<u>79,508</u>	<u>23,752</u>
Disbursements:		
General government	42,675	10
Law enforcement	10,993	
Highways and streets		6,834
Public safety	3,783	615
Sanitation	15,711	28,500
Debt service	5,027	
Loan to the water department		110,000
Total Disbursements	<u>78,189</u>	<u>145,959</u>
Cash Balance, December 31, 2017	<u>\$ 46,305</u>	<u>\$ 203,936</u>

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

Schedule 2

	<u>Street</u>	<u>Fire Department Special (Act 833)</u>	<u>Re-Use</u>	<u>Total</u>
Cash Balance, January 1, 2017	\$ 85,239	\$ 678	\$ 240,226	\$ 326,143
Receipts:				
State aid	16,579			16,579
Property taxes	6,903			6,903
Interest	93		177	270
Total Receipts	<u>23,575</u>		<u>177</u>	<u>23,752</u>
Disbursements:				
General government			10	10
Highways and streets	6,834			6,834
Public safety		615		615
Sanitation			28,500	28,500
Loan to the water department			110,000	110,000
Total Disbursements	<u>6,834</u>	<u>615</u>	<u>138,510</u>	<u>145,959</u>
Cash Balance, December 31, 2017	<u>\$ 101,980</u>	<u>\$ 63</u>	<u>\$ 101,893</u>	<u>\$ 203,936</u>

TOWN OF PERLA, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

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

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

	<u>December 31, 2017</u>
Vehicles	\$ 55,936
Equipment	<u>20,090</u>
Total	<u><u>\$ 76,026</u></u>

3. Outstanding balances at year-end for long-term liabilities are as follows:

	<u>December 31, 2017</u>
Notes payable	<u><u>\$ 12,669</u></u>