

City of Tuckerman, Arkansas

Financial and Compliance Report

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF TUCKERMAN, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Financial and Compliance Report

	<u>Schedule</u>
Schedule of Financial Information (Unaudited)	1
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	2
Other Information (Unaudited)	3

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Tuckerman, 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 Tuckerman, Arkansas, as of and for the year ended December 31, 2023, and have issued our report thereon dated September 9, 2024. These procedures were not performed for the Water and Sewer Fund. 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 2023:

Mayor: Zack Graham (appointed November 30, 2023)
Rick Womack (resigned November 29, 2023)
Clerk/Treasurer: Vickie Adams
Police Chief: David Dixon (appointed January 9, 2023)

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 **City Clerk/Treasurer**.

Mayor and City Clerk/Treasurer

1. In May 2022, the City Council passed a motion allowing Jackson County to purchase a drug dog for the City. A contract between the City and County was not executed; however, according to City officials, the parties verbally agreed that the dog would be used County-wide, but the handler would be a City officer. Additionally, the City conducted fundraisers to help cover expenses related to the dog. In March 2023, the officer/handler resigned from City employment and began working for the County. In April 2023, the City disbursed the remaining funds raised for dog expenses (\$1,813) to the handler. Without supporting documentation, this transaction appears to conflict with Ark. Const. art. 12, § 5.
2. The bank accounts for the General and Street Funds were not properly reconciled, and reconciliations were not always approved by someone other than the preparer as designated by the Mayor, as required by Ark. Code. Ann. § 14-59-108. In addition, the City bank accounts incurred nonsufficient bank fees of \$6,345.
3. Although Schedule 1 of this report shows a balance of \$30,502 in the General Fund, it was brought to our attention that as of December 31, 2023, the General Fund owed a significant amount to the Fire Truck Fund. As shown in Note 5 on Schedule 3, when this outstanding account was considered, the General Fund had a deficit balance of \$41,184.

Mayor

The 2023 General and Street Fund expenditures exceeded budgeted appropriations by \$382,238 (54%) and \$117,663 (233%), respectively, in noncompliance with Ark. Code Ann. § 14-58-203. A similar finding was noted in the previous four reports dating back to 2018.

City Clerk/Treasurer

1. Electronic disbursements were made without proper approval of the council (by ordinance) and without establishing written policies and procedures to ensure that the electronic funds payment system provides for internal accounting controls and documentation for audit and accounting purposes, as required by Ark. Code Ann. § 14-59-105.
2. The City Clerk/Treasurer presented monthly financial reports to the Council; however, receipts, disbursements, and balances on hand were not presented for all funds, and amounts presented were not accurate, in noncompliance with Ark. Code Ann. § 14-43-506. A similar finding was noted in the prior report.
3. The General Fund cash receipts journal was not properly classified, in noncompliance with Ark. Code Ann. § 14-59-110.
4. Sales tax restricted by voters for fire department purposes of \$23,533 was not transferred from the General Fund to the Fire Truck Fund in the current year, as required by City of Tuckerman Ordinance no. 2006-3 (April 11, 2006). Also, restricted sales taxes of \$48,153 noted for years 2019 through 2022 were not transferred, resulting in \$71,686 due from the General Fund to the Fire Truck Fund.

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



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
September 9, 2024
LOM108823

CITY OF TUCKERMAN, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2023	\$ 109,415	\$ 31,920
Receipts:		
State aid	110,969	197,851
Federal aid	4,000	113,279
Property taxes	91,327	24,233
Franchise fees	58,524	
Sales taxes	486,968	
Fines, forfeitures, and costs	7,547	
Interest	961	10
Local permits and fees	39,338	
Sanitation fees	136,580	
Other	43,408	322
IRS refunds	37,178	
Total Receipts	1,016,800	335,695
Disbursements:		
General government	272,023	
Law enforcement	326,627	
Highways and streets	28,650	143,045
Public safety	57,226	2,604
Sanitation	173,456	
Recreation and culture	80,881	
Social services	80,986	113,279
Wastewater	32,078	
Debt service	43,786	39,429
Total Disbursements	1,095,713	298,357
Cash Balance, December 31, 2023	\$ 30,502	\$ 69,258

CITY OF TUCKERMAN, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule 2

	Street	Fire Equipment and Training	Fire Truck	Arkansas Economic Development Grant	Total
Cash Balance, January 1, 2023	\$ 25,098	\$ 6,619	\$ 203		\$ 31,920
Receipts:					
State aid	143,997	53,854			197,851
Federal aid				\$ 113,279	113,279
Property taxes	24,233				24,233
Interest		10			10
Other	5		317		322
Total Receipts	<u>168,235</u>	<u>53,864</u>	<u>317</u>	<u>113,279</u>	<u>335,695</u>
Disbursements:					
Highways and streets	143,045				143,045
Public safety		2,604			2,604
Social services				113,279	113,279
Debt service	25,118	14,311			39,429
Total Disbursements	<u>168,163</u>	<u>16,915</u>		<u>113,279</u>	<u>298,357</u>
Cash Balance, December 31, 2023	<u>\$ 25,170</u>	<u>\$ 43,568</u>	<u>\$ 520</u>	<u>\$ 0</u>	<u>\$ 69,258</u>

CITY OF TUCKERMAN, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand accounts and certificates of deposit.
2. The General Fund column on the Financial Schedules includes the following bank accounts:
General, Police Drug Control, City Park, Activity, Gracelawn Cemetery, and Gracelawn Cemetery Perpetual Care
3. The Municipality's capital assets records are summarized below:

	December 31, 2023
Land	\$ 87,718
Buildings	1,543,506
Equipment	1,470,095
Total	\$ 3,101,319

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

	December 31, 2023
Financed purchases	\$ 136,716

5. The schedules included on our Financial and Compliance Reports are typically cash basis. We are including additional information here, as it was brought to our attention that the General Fund owed a significant amount to the Fire Truck Fund at December 31, 2023. The information below begins with the cash balances for the General and Fire Truck Funds. The computation includes changes to the cash balances for outstanding amounts owed at year end.

	General	Fire Truck
Balances as of December 31, 2023		
Cash balances per accountant's report	\$ 30,502	\$ 520
Due to Fire Truck Fund		71,686
Due from General Fund	(71,686)	
Restated balances as of December 31, 2023	\$ (41,184)	\$ 72,206