

City of Adona, Arkansas

Financial and Compliance Report

December 31, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF ADONA, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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. Jim Petty
Senate Chair
Sen. Jim Dotson
Senate Vice Chair



Rep. Robin Lundstrum
House Chair
Rep. RJ Hawk
House Vice Chair

Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Adona, 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 Adona, Arkansas, as of and for the year ended December 31, 2024, and have issued our report thereon dated November 10, 2025. 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 2024:

Mayor: Mark Cossey
Recorder/Treasurer: Carolyn McCallister

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 office of **Recorder/Treasurer**.

Recorder/Treasurer

Accounting procedures for municipalities are set forth in Ark. Code Ann. §§ 14-59-101 - 14-59-119. The City was in noncompliance with these codes and other proper accounting procedures as noted below:

- A review of disbursements revealed inadequate supporting documentation for tested disbursements totaling \$2,377. Subsequently, the City provided documentation to support \$207 of these disbursements; however, the validity of the remaining \$2,170 could not be determined. A similar finding was noted in the previous three reports.
- Cash receipts and disbursements journals were not properly posted to include all items of income and disbursements. A similar finding was noted in the previous three reports.
- A fixed asset listing was established, but records were not updated. In addition, the City has not adopted a fixed asset policy. A similar finding was noted in the previous two reports.
- Bank accounts were not reconciled on a monthly basis. A similar finding was noted in the previous three reports.
- Electronic disbursements were used, but no written policies and procedures exist to provide for internal controls and documentation for audit and accounting purposes.

Compensation paid to the Mayor and Recorder/Treasurer was reported to the Internal Revenue Service (IRS) on form 1099-NEC (Nonemployee Compensation) rather than form W-2. In addition, applicable taxes were not withheld.

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

A handwritten signature in black ink, appearing to read "Kevin White".

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
November 10, 2025
LOM200124

CITY OF ADONA, ARKANSAS
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2024
 (UNAUDITED)

Schedule 1

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Cash Balance, January 1, 2024	\$ 3,490	\$ 59,396
Receipts:		
State aid	2,216	22,344
Property taxes	3,369	802
Franchise fees	6,467	
Sales taxes	14,253	
Local permits and fees		2,165
Other	34	3,121
Total Receipts	<u>26,339</u>	<u>28,432</u>
Disbursements:		
General government	25,348	5,484
Highways and streets		20,439
Public safety		8,801
Total Disbursements	<u>25,348</u>	<u>34,724</u>
Cash Balance, December 31, 2024	<u>\$ 4,481</u>	<u>\$ 53,104</u>

CITY OF ADONA, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2024
 (UNAUDITED)

Schedule 2

	<u>Street</u>	<u>Fire</u>	<u>Park</u>	<u>Fire Billing</u>	<u>American Rescue Plan Act</u>	<u>Total</u>
Cash Balance, January 1, 2024	\$ 39,312	\$ 13,094	\$ 525	\$ 981	\$ 5,484	\$ 59,396
Receipts:						
State aid	12,245	10,099				22,344
Property taxes	802					802
Local permits and fees		2,165				2,165
Other	7	3,114				3,121
Total Receipts	<u>13,054</u>	<u>15,378</u>				<u>28,432</u>
Disbursements:						
General government					5,484	5,484
Highways and streets	20,439					20,439
Public safety		8,801				8,801
Total Disbursements	<u>20,439</u>	<u>8,801</u>			<u>5,484</u>	<u>34,724</u>
Cash Balance, December 31, 2024	<u>\$ 31,927</u>	<u>\$ 19,671</u>	<u>\$ 525</u>	<u>\$ 981</u>	<u>\$ 0</u>	<u>\$ 53,104</u>

CITY OF ADONA, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(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, 2024</u>
Land	\$ 4,431
Buildings	54,527
Equipment	<u>64,239</u>
Total	<u>\$ 123,197</u>