

City of Washington, Arkansas

Financial and Compliance Report

December 31, 2021 and 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF WASHINGTON, ARKANSAS
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FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Financial and Compliance Report

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Arkansas

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Senate Vice Chair



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Rep. Richard Womack
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 Washington, 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 Washington, Arkansas, as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated March 1, 2023. These procedures were not performed for the Water 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 2021 and 2020:

Mayor: Paul Henley
Recorder/Treasurer: Catherine Rowe

We evaluated the City'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 office of **Mayor**.

Mayor

In 2021, Street Fund disbursements exceeded budgeted appropriations by \$72,710 (409%), in noncompliance with Ark. Code Ann. § 14-58-203.

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 cursive script that reads "Roger A. Norman".

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

Little Rock, Arkansas
March 1, 2023
LOM219121

CITY OF WASHINGTON, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2021	\$ 19,599	\$ 78,560
Receipts:		
State aid	6,428	109,880
Federal aid		17,403
Property taxes	6,843	819
Franchise fees	2,621	
Sales taxes	24,742	27,087
Interest	46	91
Fire dues		3,345
Rent	6,000	
Other	100	250
Total Receipts	<u>46,780</u>	<u>158,875</u>
Disbursements:		
General government	22,027	8,302
Law enforcement	4,350	
Highways and streets		92,951
Public safety		28,389
Sanitation	24,741	
Recreation and culture		2,677
Debt service		4,647
Contributions to water department		11,772
Total Disbursements	<u>51,118</u>	<u>148,738</u>
Cash Balance, December 31, 2021	<u>\$ 15,261</u>	<u>\$ 88,697</u>

CITY OF WASHINGTON, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (UNAUDITED)

Schedule 2

	Street	Fire Protection Act 833	Volunteer Fire Department	Capital Improvement	Tourist Promotion	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 24,668	\$ 30,774	\$ 2,284	\$ 9,381	\$ 11,453		\$ 78,560
Receipts:							
State aid	88,110	19,205	2,565				109,880
Federal aid						\$ 17,403	17,403
Property taxes	819						819
Sales taxes				19,410	7,677		27,087
Interest	72	13	1	5			91
Fire dues			3,345				3,345
Other		44	19		187		250
Total Receipts	89,001	19,262	5,930	19,415	7,864	17,403	158,875
Disbursements:							
General government				8,302			8,302
Highways and streets	90,501			2,450			92,951
Public safety		21,283	7,106				28,389
Recreation and culture					2,677		2,677
Debt service		4,647					4,647
Contributions to water department				11,772			11,772
Total Disbursements	90,501	25,930	7,106	22,524	2,677		148,738
Cash Balance, December 31, 2021	\$ 23,168	\$ 24,106	\$ 1,108	\$ 6,272	\$ 16,640	\$ 17,403	\$ 88,697

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

Schedule 3

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2020	\$ 26,371	\$ 61,863
Receipts:		
State aid	3,758	37,194
Federal aid	7,123	72,577
Property taxes	5,823	697
Franchise fees	2,294	
Sales taxes	25,099	28,621
Interest	104	137
Fire dues		3,315
Rent	7,000	
Private grant	7,258	
Other	74	757
Transfers in		15,575
Total Receipts	<u>58,533</u>	<u>158,873</u>
Disbursements:		
General government	20,281	3,128
Law enforcement	4,350	
Highways and streets		14,510
Public safety		104,628
Sanitation	25,099	
Recreation and culture		1,427
Debt service		1,162
Transfers out	15,575	
Contributions to water department		17,321
Total Disbursements	<u>65,305</u>	<u>142,176</u>
Cash Balance, December 31, 2020	<u>\$ 19,599</u>	<u>\$ 78,560</u>

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

Schedule 4

	Street	Fire Protection Act 833	Volunteer Fire Department	Capital Improvement	Tourist Promotion	Fire Department Grant	Total
Cash Balance, January 1, 2020	\$ 24,770	\$ 16,834	\$ 2,717	\$ 10,467	\$ 7,075		\$ 61,863
Receipts:							
State aid	13,588	19,466	2,565	1,575			37,194
Federal aid						\$ 72,577	72,577
Property taxes	697						697
Sales taxes				23,000	5,621		28,621
Interest	123	9	1	4			137
Fire dues			3,315				3,315
Other		34	39	500	184		757
Transfers in		14,000		1,575			15,575
Total Receipts	14,408	33,509	5,920	26,654	5,805	72,577	158,873
Disbursements:							
General government				3,128			3,128
Highways and streets	14,510						14,510
Public safety		18,407	6,353	7,291		72,577	104,628
Recreation and culture					1,427		1,427
Debt service		1,162					1,162
Contributions to water department				17,321			17,321
Total Disbursements	14,510	19,569	6,353	27,740	1,427	72,577	142,176
Cash Balance, December 31, 2020	\$ 24,668	\$ 30,774	\$ 2,284	\$ 9,381	\$ 11,453	\$ 0	\$ 78,560

CITY OF WASHINGTON, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(UNAUDITED)

Schedule 5

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

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

	December 31, 2021	December 31, 2020
Land	\$ 38,000	\$ 38,000
Buildings	458,516	458,516
Equipment	188,419	182,620
	<u>684,935</u>	<u>679,136</u>
Totals	<u>\$ 684,935</u>	<u>\$ 679,136</u>

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

	December 31, 2021	December 31, 2020
Notes payable	<u>\$ 8,138</u>	<u>\$ 12,784</u>

4. The City received federal funding in the following amounts related to COVID-19 relief:

	December 31, 2021	December 31, 2020
Coronavirus Aid, Relief and Economic Security Act (CARES)		\$ 7,123
American Rescue Plan Act (ARPA)	<u>\$ 17,403</u>	
Totals	<u>\$ 17,403</u>	<u>\$ 7,123</u>