

# **City of Watson, Arkansas**

## **Financial and Compliance Report**

**December 31, 2021 and 2020**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF WATSON, ARKANSAS  
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# Arkansas

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**Sen. John Payton**  
Senate Vice Chair



**Rep. Jimmy Gazaway**  
House Chair  
**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 Watson, 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 Watson, Arkansas, as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated March 29, 2023. These procedures were not performed for the Water and Sewer Funds. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The commentary contained in this section relate to the following officials who held office during 2021 and 2020:

Mayor: Harold Douthit  
Recorder/Treasurer: Candice Moore

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.

During our evaluation, nothing came to our attention that would warrant disclosure in this report.

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 29, 2023  
LOM219221

CITY OF WATSON, 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	\$ 56,027	\$ 130,582
Receipts:		
State aid	3,357	16,871
Federal aid		18,646
Property taxes	4,012	802
Franchise fees	6,955	
Sales taxes	34,199	
Interest	60	514
Community room rental	280	
Mosquito control fees	2,496	
Privilege tax	310	
Reimbursement	198	
Other	969	
Total Receipts	<u>52,836</u>	<u>36,833</u>
Disbursements:		
General government	45,338	245
Highways and streets	200	14,479
Health	1,792	
Water/Sewer	2,579	
Total Disbursements	<u>49,909</u>	<u>14,724</u>
Cash Balance, December 31, 2021	<u>\$ 58,954</u>	<u>\$ 152,691</u>

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

Schedule 2

	Street	Natural Gas	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 21,178	\$ 109,404		\$ 130,582
Receipts:				
State aid	16,871			16,871
Federal aid			\$ 18,646	18,646
Property taxes	802			802
Interest	22	492		514
Total Receipts	<u>17,695</u>	<u>492</u>	<u>18,646</u>	<u>36,833</u>
Disbursements:				
General government	245			245
Highways and streets	14,479			14,479
Total Disbursements	<u>14,724</u>			<u>14,724</u>
Cash Balance, December 31, 2021	<u>\$ 24,149</u>	<u>\$ 109,896</u>	<u>\$ 18,646</u>	<u>\$ 152,691</u>

CITY OF WATSON, 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	\$ 38,476	\$ 124,861
Receipts:		
State aid	3,131	15,929
Property taxes	3,978	815
Franchise fees	6,555	
Sales taxes	31,173	
Interest	63	1,832
Community room rental	120	
Mosquito control fees	2,416	
Contribution from Water/Sewer	1,677	
Other	6,445	368
Total Receipts	<u>55,558</u>	<u>18,944</u>
Disbursements:		
General government	33,570	
Highways and streets	393	13,223
Health	1,503	
Water/Sewer	2,541	
Total Disbursements	<u>38,007</u>	<u>13,223</u>
Cash Balance, December 31, 2020	<u>\$ 56,027</u>	<u>\$ 130,582</u>

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

Schedule 4

	<u>Street</u>	<u>Natural Gas</u>	<u>Total</u>
Cash Balance, January 1, 2020	<u>\$ 17,255</u>	<u>\$ 107,606</u>	<u>\$ 124,861</u>
Receipts:			
State aid	15,929		15,929
Property taxes	815		815
Interest	34	1,798	1,832
Other	368		368
Total Receipts	<u>17,146</u>	<u>1,798</u>	<u>18,944</u>
Disbursements:			
Highways and streets	<u>13,223</u>		<u>13,223</u>
Cash Balance, December 31, 2020	<u><u>\$ 21,178</u></u>	<u><u>\$ 109,404</u></u>	<u><u>\$ 130,582</u></u>

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

Schedule 5

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:

	December 31, 2021	December 31, 2020
Land	\$ 4,000	\$ 4,000
Buildings	11,921	11,921
Equipment	80,910	80,910
Totals	<u>\$ 96,831</u>	<u>\$ 96,831</u>

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

	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 18,646</u>