

City of Wilmar, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF WILMAR, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2021

Financial and Compliance Report

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Arkansas



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Sen. Gary Stubblefield
Senate Vice Chair

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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 Wilmar, 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. These procedures were not performed for the Water and Sewer Systems. 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 relates to the following officials who held office during 2021:

Mayor: Toni Perry
Recorder/Treasurer: Takendra Webb

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 **Recorder/Treasurer**.

Mayor

The following deficiencies were noted when reviewing and the City Council Minutes:

- The governing body did not review the prior report and the accompanying comments at the first regularly scheduled meeting following receipt of the report, in noncompliance with Ark. Code Ann. § 10-4-418
- The minutes were not signed by the Mayor for approval.

A similar finding was noted in the previous report.

On September 1, 2021, the Mayor used personal credit to enter into an installment contract for \$21,114 to purchase a 2010 Ford truck. The Town paid the installments from October 2021 through report date, in conflict with Ark. Const. art. 12, § 5. City Council minutes dated October 12, 2021, noted approval to apply for a loan for a new truck; however, loan agreement documents were not provided. An amortized account statement was provided that documented the outstanding long-term debt. This account statement did not adequately support the debt service payment of \$2,910. The loan at an interest rate of 16.5% and registration of the vehicle is in the Mayor's name.

The City has not obtained an audit or agreed upon procedures (AUP) and compilation report for the City's water and sewer systems for 2014 through 2021, in noncompliance with Ark. Code Ann. § 14-234-119. A similar finding was noted in previous reports dating back to 2016.

Recorder/Treasurer

Prenumbered receipts were not issued for all funds received, as required by Ark. Code Ann. § 14-59-109.

Bank reconciliations were not properly prepared for all bank accounts or approved by a municipal official or employee other than the person preparing the reconciliation, as required by Ark. Code Ann. § 14-59-108.

The following deficiencies were noted while testing payroll:

- Internal Revenue Service (IRS) Form W-3 and Arkansas Department of Finance and Administration form AR3 were not provided.
- Documents authorizing \$29,358 of the payroll preparers salary were not provided.

A similar finding was noted in the three previous reports dating back to 2016.

Invoices, supporting documentation, and payroll journals were not provided for tested disbursements of \$11,275 (23%), in noncompliance with § Ark. Code Ann. 14-59-105. A similar finding was noted in the previous 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 black ink, appearing to read "Roger A. Norman". The signature is fluid and cursive, with the first name "Roger" being more prominent.

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

Little Rock, Arkansas
October 4, 2023
LOM219721

CITY OF WILMAR, 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	\$ 39,750	\$ 91,358
Receipts:		
State aid	7,976	39,792
Federal aid		50,242
Property taxes	4,572	390
Franchise fees	20,186	
Sales taxes	88,003	
Rental Income	27,987	
Other		17,005
Unclassified	3,837	
Total Receipts	<u>152,561</u>	<u>107,429</u>
Disbursements:		
General government	170,308	7,348
Highways and streets	1,616	22,561
Public safety	1,098	3,454
Recreation and culture		4,406
Social services		24,412
Debt service	2,910	
Unclassified	5,226	
Total Disbursements	<u>181,158</u>	<u>62,181</u>
Cash Balance, December 31, 2021	<u>\$ 11,153</u>	<u>\$ 136,606</u>

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

Schedule 2

	Street	Fire Equipment and Training (Act 833)	Parks and Recreation	Street Grant	Community Outreach Grant	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 52,395	\$ 19,423	\$ 19,440	\$ 100			\$ 91,358
Receipts:							
State aid	39,792						39,792
Federal aid						\$ 50,242	50,242
Property taxes	390						390
Other		5			\$ 17,000		17,005
Total Receipts	<u>40,182</u>	<u>5</u>			<u>17,000</u>	<u>50,242</u>	<u>107,429</u>
Disbursements:							
General government						7,348	7,348
Highways and streets	22,561						22,561
Public safety		3,454					3,454
Recreation and culture			4,406				4,406
Social services					17,000	7,412	24,412
Total Disbursements	<u>22,561</u>	<u>3,454</u>	<u>4,406</u>		<u>17,000</u>	<u>14,760</u>	<u>62,181</u>
Cash Balance, December 31, 2021	<u>\$ 70,016</u>	<u>\$ 15,974</u>	<u>\$ 15,034</u>	<u>\$ 100</u>	<u>\$ 0</u>	<u>\$ 35,482</u>	<u>\$ 136,606</u>

CITY OF WILMAR, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand accounts.

2. The General Fund column on the Financial Schedules includes the following bank accounts:
General and Home

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

	December 31, 2021
Land and buildings	\$ 798,183
Equipment	<u>361,656</u>
Total	<u><u>\$ 1,159,839</u></u>

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

	December 31, 2021
Note payable	<u><u>\$ 20,083</u></u>

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

	December 31, 2021
American Rescue Plan Act (ARPA)	<u><u>\$ 50,242</u></u>