

**Town of Emerson, Arkansas**

**Financial and Compliance Report**

**December 31, 2021 and 2020**

LEGISLATIVE JOINT AUDITING COMMITTEE

---



TOWN OF EMERSON, ARKANSAS  
TABLE OF CONTENTS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Financial and Compliance Report

	<u>Schedule</u>
2021	
Schedule of Financial Information (Unaudited)	1
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	2
2020	
Schedule of Financial Information (Unaudited)	3
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	4
2021 and 2020	
Other Information (Unaudited)	5

# Arkansas

**Sen. David Wallace**  
Senate Chair  
**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

Town of Emerson, 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 Town of Emerson, Arkansas, as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated May 2, 2023. These procedures were not performed for the Water and Sewer Fund. Management of the Town 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: Joe Mullins (Deceased January 31, 2020)  
Linda Mullins (Appointed March 10, 2020)  
Recorder/Treasurer: Linda Mullins (Resigned March 10, 2020)  
Mike Benefield (Appointed March 16, 2020)

We evaluated the Town'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 offices of **Mayor** and **Recorder/Treasurer**.

#### **Mayor**

In 2021, General Fund disbursements exceeded appropriations by \$28,300 (53%), in noncompliance with Ark. Code Ann. § 14-58-203. A similar finding was issued in the prior four reports dating back to 2014.

#### **Recorder/Treasurer**

Accounting procedures for municipalities are set forth in Ark. Code Ann. §§ 14-59-101 – 14-59-119. The Town was not in compliance with these codes as follows:

- A listing of fixed assets was established but was not properly maintained to include all additions, serial numbers, dates acquired for each asset, and control totals.
- General Fund cash receipts and disbursements journals for 2021 and 2020 were not properly posted, classified, and reconciled with bank deposits and withdrawals.
- Street Fund cash receipts and disbursements journals for 2021 and 2020 were not properly posted, classified, and reconciled with bank deposits and withdrawals.
- Fire Department Fund cash disbursements journals for 2021 and 2020 were not properly posted, classified and reconciled with bank withdrawals.
- Prenumbered receipts were not issued for all funds received.

A similar finding was noted in the previous report.

#### **Mayor and Recorder/Treasurer**

Unallowable disbursements were paid from revenues restricted for street purposes of \$1,382, in noncompliance with Ark. Code Ann. § 27-70-207. Also, restricted funds of \$5,050 noted in the previous report were not transferred resulting in a total of \$6,432 due from the General Fund to the Street Fund, in noncompliance with Ark. Code Ann. § 14-59-104. A similar finding was noted in the previous report.

In 2021, all bank account reconciliations did not indicate approval by someone other than the preparer, in noncompliance with Ark. Code Ann. § 14-59-108. 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 Town 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 dark ink, appearing to read "Roger A. Norman". The signature is fluid and cursive, with the first name "Roger" and last name "Norman" clearly distinguishable.

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

Little Rock, Arkansas  
May 2, 2023  
LOM305321

TOWN OF EMERSON, 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	64,631	232,398
Receipts:		
State aid	5,769	41,752
Federal aid		103,026
Property taxes	10,895	3,271
Franchise fees	6,879	6,782
Sales taxes	10,163	
Interest		57
Local permits and fees	4,284	
Donations	600	23,816
Sale of equipment		13,430
Other	76	17,862
Transfers in		8,500
Unclassified	4,639	
Total Receipts	<u>43,305</u>	<u>218,496</u>
Disbursements:		
General government	73,448	32
Highways and streets		24,619
Public safety		54,505
Recreation and culture		67,493
Cemetery		26,959
Transfers out	8,500	
Total Disbursements	<u>81,948</u>	<u>173,608</u>
Cash Balance, December 31, 2021	<u>\$ 25,988</u>	<u>\$ 277,286</u>

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

Schedule 2

	Street	Fire Department	Cemetery	Community Development Block Grant	American Rescue Plan Act	Cumberland Cemetery	Total
Cash Balance, January 1, 2021	\$ 187,258	\$ 33,992	\$ 1,104			\$ 10,044	\$ 232,398
Receipts:							
State aid	28,828	12,924					41,752
Federal aid				\$ 67,493	\$ 35,533		103,026
Property taxes	3,271						3,271
Franchise fees	6,782						6,782
Interest		57					57
Donations		9,245				14,571	23,816
Sale of equipment		13,430					13,430
Other	1,292	16,570					17,862
Transfers in		2,000				6,500	8,500
Total Receipts	<u>40,173</u>	<u>54,226</u>		<u>67,493</u>	<u>35,533</u>	<u>21,071</u>	<u>218,496</u>
Disbursements:							
General government					32		32
Highways and streets	24,619						24,619
Public safety		54,505					54,505
Recreation and culture				67,493			67,493
Cemetery						26,959	26,959
Total Disbursements	<u>24,619</u>	<u>54,505</u>		<u>67,493</u>	<u>32</u>	<u>26,959</u>	<u>173,608</u>
Cash Balance, December 31, 2021	<u>\$ 202,812</u>	<u>\$ 33,713</u>	<u>\$ 1,104</u>	<u>\$ 0</u>	<u>\$ 35,501</u>	<u>\$ 4,156</u>	<u>\$ 277,286</u>

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

Schedule 3

	General Fund	Special Revenue Funds
	<u>          </u>	<u>          </u>
Cash Balance, January 1, 2020	\$ 49,413	\$ 214,321
Receipts:		
State aid	5,460	40,844
Federal aid	14,579	7,507
Property taxes	10,552	3,168
Franchise fees	13,807	
Sales taxes	9,479	
Interest	446	1,634
Local permits and fees	1,977	
Contributions from water and sewer		10,000
Donations		30,835
Other		500
Transfers in		4,000
Total Receipts	<u>56,300</u>	<u>98,488</u>
Disbursements:		
General government	37,082	
Highways and streets		30,255
Public safety		42,649
Recreation and culture		7,507
Transfers out	4,000	
Total Disbursements	<u>41,082</u>	<u>80,411</u>
Cash Balance, December 31, 2020	<u>\$ 64,631</u>	<u>\$ 232,398</u>

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

Schedule 4

	Street	Fire Department	Cemetery	Community Development Block Grant	Cumberland Cemetery	Total
Cash Balance, January 1, 2020	\$ 174,983	\$ 28,290	\$ 1,104		\$ 9,944	\$ 214,321
Receipts:						
State aid	27,781	13,063				40,844
Federal aid				\$ 7,507		7,507
Property taxes	3,168					3,168
Interest	1,581	53				1,634
Contributions from water and sewer	10,000					10,000
Donations		30,735			100	30,835
Other		500				500
Transfers in		4,000				4,000
Total Receipts	42,530	48,351		7,507	100	98,488
Disbursements:						
Highways and streets	30,255					30,255
Public safety		42,649				42,649
Recreation and culture				7,507		7,507
Total Disbursements	30,255	42,649		7,507		80,411
Cash Balance, December 31, 2020	\$ 187,258	\$ 33,992	\$ 1,104	\$ 0	\$ 10,044	\$ 232,398



TOWN OF EMERSON, 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	\$ 12,125	\$ 12,125
Buildings	165,000	165,000
Improvements	71,137	71,137
Equipment	164,600	164,600
	<u>          </u>	<u>          </u>
Totals	<u>\$ 412,862</u>	<u>\$ 412,862</u>

3. The Town 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)		\$ 14,579
American Rescue Plan Act (ARPA)	\$ 35,533	
	<u>          </u>	<u>          </u>
Totals	<u>\$ 35,533</u>	<u>\$ 14,579</u>