

Town of Emerson, Arkansas

Financial and Compliance Report

December 31, 2023 and 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF EMERSON, ARKANSAS
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Arkansas

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Senate Chair
Sen. John Payton
Senate Vice Chair



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House Chair
Rep. Richard Womack
House Vice Chair

Kevin William White, CPA, JD
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, 2023 and 2022, and have issued our report thereon dated December 17, 2024. These procedures were not performed for the Water and Sewer Department. 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 2023 and 2022:

Mayor: Linda Mullins
Recorder: Mary Waller (appointed March 14, 2023)
Alison Burch (February 8, 2022 – December 23, 2022)
Michael Benefield (resigned February 8, 2022)
Treasurer: Bonnie Bradley (appointed January 18, 2023)
Alison Burch (February 8, 2022 – December 23, 2022)
Michael Benefield (resigned February 8, 2022)

We evaluated the Town'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 **Treasurer**.

Mayor and Treasurer

In testing 2022 payroll records, the following items were not provided for the payroll preparer:

1. Documentation of the authorized hourly rate of pay.
2. Timesheets or other payroll documentation to support the hours worked.

Without adequate supporting documentation, we were unable to verify if the amounts paid to the payroll preparer were correct.

Unallowable disbursements were paid from revenues restricted for street purposes in 2023 and 2022 of \$14,858 and \$17,241, respectively, in noncompliance with Ark. Code Ann. § 27-70-207. As of report date, \$14,858 of this amount has been repaid to the Street Fund. The City Council passed Ordinance 2025/01-01 in January 2025 to pay 10% of General Fund revenues to the Street Fund each month until the balance is paid in full. A similar finding was noted in the previous two reports.

The Town incurred Internal Revenue Service (IRS) penalties and interest in the amount of \$2,048 for failure to properly file, report, and remit payroll taxes.

Mayor

In 2022, Street Fund disbursements exceeded appropriations by \$89,722 (341%), in noncompliance with Ark. Code Ann. § 14-58-203. A similar finding was issued in the prior five reports dating back to 2014.

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 black ink, appearing to read "Kevin White" with a stylized flourish at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
December 17, 2024
LOM305323

TOWN OF EMERSON, ARKANSAS
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2023	\$ 20,157	\$ 211,131
Receipts:		
State aid	4,455	44,476
Property taxes	10,333	2,950
Franchise fees	3,864	
Sales taxes	32,474	
Interest		56
Local permits and fees	6,344	
Donations	5,500	31,454
Contribution from water and sewer		14,858
Other	96	434
Transfers in		6,432
Total Receipts	<u>63,066</u>	<u>100,660</u>
Disbursements:		
General government	66,246	30,918
Highways and streets		93,067
Public safety		52,348
Cemetery		1,665
Transfers out	6,432	
Total Disbursements	<u>72,678</u>	<u>177,998</u>
Cash Balance, December 31, 2023	<u>\$ 10,545</u>	<u>\$ 133,793</u>

TOWN OF EMERSON, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule 2

	Street	Fire Department	Cemetery	American Rescue Plan Act	Cumberland Cemetery	Total
Cash Balance, January 1, 2023	\$ 121,977	\$ 43,732	\$ 1,104	\$ 43,179	\$ 1,139	\$ 211,131
Receipts:						
State aid	24,716	19,760				44,476
Property taxes	2,950					2,950
Interest		56				56
Donations		30,504			950	31,454
Contribution from water and sewer	14,858					14,858
Other	154	280				434
Transfers in	6,432					6,432
Total Receipts	<u>49,110</u>	<u>50,600</u>			<u>950</u>	<u>100,660</u>
Disbursements:						
General government				30,918		30,918
Highways and streets	93,067					93,067
Public safety		52,348				52,348
Cemetery					1,665	1,665
Total Disbursements	<u>93,067</u>	<u>52,348</u>		<u>30,918</u>	<u>1,665</u>	<u>177,998</u>
Cash Balance, December 31, 2023	<u>\$ 78,020</u>	<u>\$ 41,984</u>	<u>\$ 1,104</u>	<u>\$ 12,261</u>	<u>\$ 424</u>	<u>\$ 133,793</u>

TOWN OF EMERSON, ARKANSAS
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (UNAUDITED)

Schedule 3

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2022	\$ 25,988	\$ 277,286
Receipts:		
State aid	4,371	31,591
Federal aid		35,531
Property taxes	12,365	3,124
Franchise fees	6,802	6,802
Sales taxes	10,134	
Interest		77
Donations		31,579
Other	2,976	5,835
Total Receipts	<u>36,648</u>	<u>114,539</u>
Disbursements:		
General government	42,479	27,853
Highways and streets		116,058
Public safety		32,973
Cemetery		3,810
Total Disbursements	<u>42,479</u>	<u>180,694</u>
Cash Balance, December 31, 2022	<u>\$ 20,157</u>	<u>\$ 211,131</u>

TOWN OF EMERSON, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (UNAUDITED)

Schedule 4

	Street	Fire Department	Cemetery	American Rescue Plan Act	Cumberland Cemetery	Total
Cash Balance, January 1, 2022	\$ 202,812	\$ 33,713	\$ 1,104	\$ 35,501	\$ 4,156	\$ 277,286
Receipts:						
State aid	25,297	6,294				31,591
Federal aid				35,531		35,531
Property taxes	3,124					3,124
Franchise fees	6,802					6,802
Interest		77				77
Donations		30,786			793	31,579
Other		5,835				5,835
Total Receipts	<u>35,223</u>	<u>42,992</u>		<u>35,531</u>	<u>793</u>	<u>114,539</u>
Disbursements:						
General government				27,853		27,853
Highways and streets	116,058					116,058
Public safety		32,973				32,973
Cemetery					3,810	3,810
Total Disbursements	<u>116,058</u>	<u>32,973</u>		<u>27,853</u>	<u>3,810</u>	<u>180,694</u>
Cash Balance, December 31, 2022	<u>\$ 121,977</u>	<u>\$ 43,732</u>	<u>\$ 1,104</u>	<u>\$ 43,179</u>	<u>\$ 1,139</u>	<u>\$ 211,131</u>

TOWN OF EMERSON, ARKANSAS
 OTHER INFORMATION
 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (UNAUDITED)

1. Cash balances on the Financial Schedules include demand accounts and certificates of deposit.
2. The General Fund column on the Financial Schedules includes the following bank accounts:
 General and Donations
3. The Municipality's capital assets records are summarized below:

	December 31, 2023	December 31, 2022
Land	\$ 12,125	\$ 12,125
Buildings	453,376	437,376
Equipment	189,449	189,449
Totals	\$ 654,950	\$ 638,950

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

	December 31, 2022
American Rescue Plan Act (ARPA)	\$ 35,531