

Town of Rosston, Arkansas

Financial and Compliance Report

December 31, 2023, 2022, and 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF ROSSTON, ARKANSAS
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Arkansas



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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

Town of Rosston, 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 Rosston, Arkansas, as of and for the years ended December 31, 2023, 2022, and 2021, and have issued our report thereon dated December 18, 2024. These procedures were not performed for the Water 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, 2022, and 2021:

Mayor: Samuel Quarles
Recorder: Emily Evans
Treasurer: Melissa Hicks (appointed February 2023)
Emily Evans (resigned February 2023)

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

In 2023, Street Fund disbursements exceeded budgeted appropriations by \$131,360 (536%), in noncompliance with Ark. Code Ann. § 14-58-203.

Mayor and Treasurer

State aid restricted for highway funds from previous years of \$17,400 was not transferred from the General Fund to the Street Fund, as required by Ark. Code Ann. § 27-70-207. The Town made payments totaling \$2,500 in 2022 to reduce the balance owed to the Street Fund. As of December 31, 2023, the balance owed was \$14,900. In July of 2024, the Town passed Resolution No. 7-24, to pay \$470 a month until the balance is paid in full. A similar finding was noted in the previous report.

Treasurer

Accounting procedures for municipalities are set forth in Ark. Code Ann. §§ 14-59-101 - 14-59-119. The Town was in noncompliance with these codes and other proper accounting procedures as noted below:

- Cash receipts journals were not properly maintained to include all receipts and were not reconciled to total deposits per bank.
- Cash disbursements journals were not properly maintained to include all disbursements and were not reconciled to total disbursements per bank.
- Bank accounts were not reconciled properly.
- Receipt books were not properly maintained.
- Receipts and checks were not always issued in sequential order.
- A fixed asset listing was established but did not include cost values for all assets listed, deletions, control totals, and identification number when applicable.
- An annual financial statement was not prepared and published.
- Numerous disbursements were made by debit card rather than a prenumbered check.

Treasurer (Continued)

- Invoices and supporting documentation were not provided for 11 of 25 disbursements tested totaling \$3,809 (18%) in 2023, 10 of 25 disbursements tested totaling \$4,656 (7%) in 2022, and 25 of 25 disbursements tested totaling \$73,219 (100%) in 2021. Due to a lack of documentation, the validity of these disbursements could not be determined.

A similar finding was noted in the prior 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



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
December 18, 2024
LOM314223

TOWN OF ROSSTON, 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	\$ 87,829	\$ 64,736
Receipts:		
State aid	4,136	33,278
Federal aid		120,060
Sales taxes	77,098	
Interest	1,332	17
Unclassified	32,114	7,013
Total Receipts	<u>114,680</u>	<u>160,368</u>
Disbursements:		
Highways and streets		155,860
Public safety		11,697
Debt service	11,187	
Unclassified	94,448	3,111
Total Disbursements	<u>105,635</u>	<u>170,668</u>
Cash Balance, December 31, 2023	<u>\$ 96,874</u>	<u>\$ 54,436</u>

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

Schedule 2

	<u>Street</u>	<u>Fire Department</u>	<u>Fire Department Fundraiser</u>	<u>Total</u>
Cash Balance, January 1, 2023	\$ 52,660	\$ 12,076		\$ 64,736
Receipts:				
State aid	22,945	10,333		33,278
Federal aid	120,060			120,060
Interest	17			17
Unclassified	2,201	1,701	\$ 3,111	7,013
Total Receipts	<u>145,223</u>	<u>12,034</u>	<u>3,111</u>	<u>160,368</u>
Disbursements:				
Highways and streets	155,860			155,860
Public safety		11,697		11,697
Unclassified			3,111	3,111
Total Disbursements	<u>155,860</u>	<u>11,697</u>	<u>3,111</u>	<u>170,668</u>
Cash Balance, December 31, 2023	<u>\$ 42,023</u>	<u>\$ 12,413</u>	<u>\$ 0</u>	<u>\$ 54,436</u>

TOWN OF ROSSTON, 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	\$ 85,910	\$ 51,800
Receipts:		
State aid	4,058	32,879
Federal aid		54,951
Sales taxes	55,304	
Interest	848	20
Transfers in		2,500
Unclassified	68,664	2,533
Total Receipts	<u>128,874</u>	<u>92,883</u>
Disbursements:		
Highways and streets		8,450
Public safety		43,093
Debt service	4,909	
Transfers out	2,500	
Unclassified	119,546	28,404
Total Disbursements	<u>126,955</u>	<u>79,947</u>
Cash Balance, December 31, 2022	<u>\$ 87,829</u>	<u>\$ 64,736</u>

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

Schedule 4

	<u>Street</u>	<u>Fire Department</u>	<u>Fire Truck Project</u>	<u>American Rescue Plan Act (ARPA)</u>	<u>Total</u>
Cash Balance, January 1, 2022	\$ 32,573	\$ 15,373	\$ 1	\$ 3,853	\$ 51,800
Receipts:					
State aid	23,484	9,395			32,879
Federal aid			30,400	24,551	54,951
Interest	20				20
Transfers in	2,500				2,500
Unclassified	2,533				2,533
Total Receipts	<u>28,537</u>	<u>9,395</u>	<u>30,400</u>	<u>24,551</u>	<u>92,883</u>
Disbursements:					
Highways and streets	8,450				8,450
Public safety		12,692	30,401		43,093
Unclassified				28,404	28,404
Total Disbursements	<u>8,450</u>	<u>12,692</u>	<u>30,401</u>	<u>28,404</u>	<u>79,947</u>
Cash Balance, December 31, 2022	<u>\$ 52,660</u>	<u>\$ 12,076</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 64,736</u>

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

Schedule 5

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2021	\$ 90,321	\$ 26,013
Receipts:		
State aid	4,277	30,356
Federal aid		63,051
Sales taxes	29,703	
Interest	691	11
Unclassified	41,184	4,072
Total Receipts	75,855	97,490
Disbursements:		
Highways and streets		1,677
Public safety		49,072
Recreation and culture		256
Debt service	3,176	
Unclassified	77,090	20,698
Total Disbursements	80,266	71,703
Cash Balance, December 31, 2021	\$ 85,910	\$ 51,800

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

Schedule 6

	<u>Street</u>	<u>Baseball Grant</u>	<u>Fire Department</u>	<u>Fire Truck Project</u>	<u>American Rescue Plan Act (ARPA)</u>	<u>Total</u>
Cash Balance, January 1, 2021	\$ 10,643	\$ 256	\$ 15,114			\$ 26,013
Receipts:						
State aid	21,735		8,621			30,356
Federal aid				\$ 38,500	\$ 24,551	63,051
Interest	11					11
Unclassified	1,861		2,210	1		4,072
Total Receipts	<u>23,607</u>		<u>10,831</u>	<u>38,501</u>	<u>24,551</u>	<u>97,490</u>
Disbursements:						
Highways and streets	1,677					1,677
Public safety			10,572	38,500		49,072
Recreation and culture		256				256
Unclassified					20,698	20,698
Total Disbursements	<u>1,677</u>	<u>256</u>	<u>10,572</u>	<u>38,500</u>	<u>20,698</u>	<u>71,703</u>
Cash Balance, December 31, 2021	<u>\$ 32,573</u>	<u>\$ 0</u>	<u>\$ 15,373</u>	<u>\$ 1</u>	<u>\$ 3,853</u>	<u>\$ 51,800</u>

TOWN OF ROSSTON, ARKANSAS
 OTHER INFORMATION
 FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021
 (UNAUDITED)

Schedule 7

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

2. The Municipality's capital assets records were not available.

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

	December 31, 2023	December 31, 2022	December 31, 2021
Financed purchases	\$ 18,793	\$ 29,081	\$ 8,727

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

	December 31, 2022	December 31, 2021
American Rescue Plan Act (ARPA)	\$ 24,551	\$ 24,551