

Town of Wabbaseka, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF WABBASEKA, ARKANSAS
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Arkansas



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Legislative Auditor

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LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

Town of Wabbaseka, 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 Wabbaseka, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated December 12, 2023. 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 2021:

Mayor: Linzie Anderson
Recorder/Treasurer: ConSuella Lamb
District Court Clerk: Brooke Stayton
Police Chief: D'Carlos Johnson

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, Recorder/Treasurer** and **District Court Clerk**.

Mayor

The minutes of the governing body did not document review of the prior report and accompanying comments and recommendations, as required by Ark. Code Ann. § 10-4-418. Additionally, council minutes for one month were not maintained, in noncompliance with Ark. Code Ann. § 14-59-114.

Mayor and Recorder/Treasurer

1. Review of payments to the Recorder/Treasurer revealed the following improper reimbursements totaling \$3,897:
 - \$2,868 for apparent personal fuel purchases.
 - \$901 for undocumented or inadequately documented purchases; therefore, the validity of these reimbursements could not be determined.
 - \$128 for other items (duplicate reimbursements, personal food/drinks, alcoholic beverages, cigarettes, etc.).
2. As reported on Schedules 1 and 2 respectively, the General Fund has a cash balance of \$3,015, and the Street Fund has a cash balance of \$923 at December 31, 2021. However, this does not take into account \$3,000 due to the Fire Equipment and Training Fund from the General Fund. Also not reflected in these cash balances are the unpaid payroll liabilities associated with \$530,287 of salaries paid by the Town for the years 2013 through 2021. The actual amount of payroll tax liabilities associated with these salaries was not provided by the Town as of report date. Similar findings were noted in the previous three reports dating back to 2018.
3. The following payroll issues were noted:
 - The Town withheld payroll taxes from salaries paid of \$530,287 in the years 2013 through 2021; however, the Town did not remit the taxes withheld and matching owed to the Department of Finance & Administration (DF&A) and Internal Revenue Service (IRS). A similar finding was noted in the previous seven reports dating back to 2013.
 - IRS Forms 941 and W-3 were not properly prepared by the Town in 2021. A similar finding was noted in the prior three reports dating back to 2018.
 - Wages reported on IRS form W-2 for the Mayor and Recorder/Treasurer were understated by \$1,000 and \$550, respectively.

Mayor and Recorder/Treasurer (Continued)

4. Rural fire protection funds of \$3,000 from the prior year were not transferred from the General Fund to the Fire Training and Equipment (Act 833) Fund. A similar finding was issued in the previous report.

Recorder/Treasurer

1. The Treasurer did not submit monthly financial reports to the council and annual financial statements were not prepared and posted, as required by Ark. Code Ann. §§ 14-59-115, -116.
2. Invoices and supporting documentation were not provided for tested disbursements of \$2,419 (26%), in noncompliance with Ark. Code Ann. § 14-59-105. Furthermore, tested disbursements of \$5,517 (60%) were not paid in a timely manner and balances owed were not paid in full in some instances.
3. Fire Training and Equipment (Act 833) cash receipts and disbursements journals were not properly posted and reconciled to bank deposits and withdrawals, in noncompliance with Ark. Code Ann. §§ 14-59-110, -111.
4. Bank accounts were not reconciled properly, and bank reconciliations were not prepared for one fund as required by Ark. Code Ann. § 14-59-108. A similar finding was issued in the previous twelve reports dating back to 2007.

District Court Clerk

Bank accounts were not reconciled properly, as required by Ark. Code Ann. § 16-10-209.

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



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

Little Rock, Arkansas
December 12, 2023
LOM316821

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

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2021	\$ 769	\$ 13,844
Receipts:		
State aid	3,931	27,760
Federal aid		22,583
Property taxes	4,888	
Franchise fees	9,820	
Sales taxes	59,222	
Fines, forfeitures, and costs	26,342	185
Interest		2
Contributions from Jefferson County		18,396
Donations		600
Other	6,532	
Transfers in	58	21,669
Total Receipts	<u>110,793</u>	<u>91,195</u>
Disbursements:		
General government	82,538	13,678
Highways and streets		36,619
Public safety		32,154
Contributions to water	5,854	8,925
Transfers out	20,155	1,572
Total Disbursements	<u>108,547</u>	<u>92,948</u>
Cash Balance, December 31, 2021	<u>\$ 3,015</u>	<u>\$ 12,091</u>

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

Schedule 2

	Street	Local Police and Fire Retirement (LOPFI)	Fire Training and Equipment (Act 833)	Court Automation	Fire Department Donations	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 879	\$ 1,528	\$ 6,739	\$ 4,043	\$ 655		\$ 13,844
Receipts:							
State aid	19,513		8,247				27,760
Federal aid						\$ 22,583	22,583
Fines, forfeitures, and costs				185			185
Interest		1		1			2
Contributions from Jefferson County			18,396				18,396
Donations					600		600
Transfers in	17,150	5	3,000		1,514		21,669
Total Receipts	<u>36,663</u>	<u>6</u>	<u>29,643</u>	<u>186</u>	<u>2,114</u>	<u>22,583</u>	<u>91,195</u>
Disbursements:							
General government		20				13,658	13,678
Highways and streets	36,619						36,619
Public safety			31,974		180		32,154
Contributions to water						8,925	8,925
Transfers out		1,514			58		1,572
Total Disbursements	<u>36,619</u>	<u>1,534</u>	<u>31,974</u>	<u>0</u>	<u>238</u>	<u>22,583</u>	<u>92,948</u>
Cash Balance, December 31, 2021	<u>\$ 923</u>	<u>\$ 0</u>	<u>\$ 4,408</u>	<u>\$ 4,229</u>	<u>\$ 2,531</u>	<u>\$ 0</u>	<u>\$ 12,091</u>

TOWN OF WABBASEKA, 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 cash balance at year-end in the custodial funds is as follows:

	December 31, 2021
District Court	<u>\$ 1,180</u>

This balance represent fines, forfeitures, and costs that have not been transferred to the appropriate entities.

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

	December 31, 2021
Land	\$ 815,000
Buildings	488,000
Equipment	<u>376,325</u>
Total	<u>\$ 1,679,325</u>

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

	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 22,583</u>