

Town of Wabbaseka, Arkansas

Financial and Compliance Report

December 31, 2023 and 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF WABBASEKA, ARKANSAS
TABLE OF CONTENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Financial and Compliance Report		<u>Schedule</u>
	2023	
Schedule of Financial Information (Unaudited)		1
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)		2
	2022	
Schedule of Financial Information (Unaudited)		3
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)		4
	2023 and 2022	
Other Information (Unaudited)		5

Arkansas



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Legislative Auditor

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 years ended December 31, 2023 and 2022, and have issued our report thereon dated September 29, 2025. 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 and 2022:

Mayor: Andrew Goodloe (2023)
Linzie Anderson (2022)
Recorder/Treasurer: Jennifer Moore (appointed January 19, 2023)
ConSuella Lamb (resigned January 19, 2023)
District Court Clerk: Brooke Stayton
Police Chief: Efrem Elliot (2023)
D'Carlos Johnson (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 **Recorder/Treasurer**.

Mayor

An audit or agreed upon procedures report has not been obtained for the Town's Water and Sewer System since 2012 as required by Ark. Code Ann. § 14-234-119. The Town signed an engagement letter on August 31, 2023, for the 2022 year; however, the Town has not received the report.

Recorder/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 and disbursements journals were not properly maintained for all funds.
- Bank reconciliations were not prepared in 2022, and bank reconciliations were not properly reconciled for all funds in 2023 and were not approved by someone other than the preparer. A similar finding was noted in the previous thirteen reports dating back to 2007.
- Receipt books were not properly maintained for all funds.
- Receipts were not always issued in sequential order.
- Invoices and supporting documentation were not maintained for disbursements of \$1,452 and \$5,732 in 2023 and 2022, respectively. Due to a lack of documentation, the validity of these disbursements could not be determined. A similar finding was noted in the previous report.
- Numerous disbursements were made by debit card rather than a prenumbered check in 2023.
- Electronic disbursements were made without proper approval of the Town Council (by Ordinance) and without establishing written policies and procedures to ensure that the electronic funds payment system provides for internal controls and documentation for audit and accounting purposes.

Mayor and Recorder/Treasurer

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 two reports.

The following payroll issues were noted:

- The Town failed to remit federal payroll taxes for reporting periods dating back to 2015. Review of Internal Revenue Services (IRS) notices indicated unpaid federal payroll taxes, penalties, and interest totaling \$258,473, consisting of \$167,631 for the Town and \$90,842 for the Water Department, as of December 31, 2023. The Town has contacted the IRS and is awaiting a response on the matter. A similar finding was noted in the previous nine reports dating back to 2012.
- The sum of wages per the Arkansas Department of Finance and Administration form AR3 did not agree to the reported amount on employees' W-2 forms for 2023 and 2022.
- Payroll journals were not maintained in 2022.

Although, Schedules 1 and 3 of this report show ending General Fund balances of \$3,918 and \$7,377 for 2023 and 2022, respectively, review of records revealed that the Town owed significant amounts to the Internal Revenue Service (IRS) and the Fire Training and Equipment (Act 833) Fund. As shown in Note 6 of Schedule 5 of this report, when the outstanding amounts are considered, the General Fund had a deficit balance of \$166,713 and \$154,090 at December 31, 2023, and December 31, 2022, respectively. Similar findings were noted in the previous four reports dating back to 2018.

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
September 29, 2025
LOM316823

TOWN OF WABBASEKA, 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	\$ 7,377	\$ 8,208
Receipts:		
State aid	2,737	24,550
Federal aid	27,684	
Property taxes	5,694	
Franchise fees	1,611	
Sales taxes	56,172	
Fines, forfeitures, and costs	7,025	40
Interest		1
Contributions from water	6,679	450
Donations		1,050
Other	13,056	30,947
Unclassified	14,377	
Total Receipts	<u>135,035</u>	<u>57,038</u>
Disbursements:		
General government	104,492	
Highways and streets		18,328
Public safety		23,862
Wastewater	33,822	
Debt service	180	719
Unclassified		288
Total Disbursements	<u>138,494</u>	<u>43,197</u>
Cash Balance, December 31, 2023	<u>\$ 3,918</u>	<u>\$ 22,049</u>

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

Schedule 2

	Street	Fire Training and Equipment (Act 833)	Court Automation	Fire Department Donations	Total
Cash Balance, January 1, 2023	\$ 696	\$ 1,158	\$ 4,484	\$ 1,870	\$ 8,208
Receipts:					
State aid	15,184	9,366			24,550
Fines, forfeitures, and costs			40		40
Interest			1		1
Contributions from water	450				450
Donations				1,050	1,050
Other	5,500	25,447			30,947
Total Receipts	<u>21,134</u>	<u>34,813</u>	<u>41</u>	<u>1,050</u>	<u>57,038</u>
Disbursements:					
Highways and streets	18,328				18,328
Public safety		23,016		846	23,862
Debt service	719				719
Unclassified	288				288
Total Disbursements	<u>19,335</u>	<u>23,016</u>		<u>846</u>	<u>43,197</u>
Cash Balance, December 31, 2023	<u>\$ 2,495</u>	<u>\$ 12,955</u>	<u>\$ 4,525</u>	<u>\$ 2,074</u>	<u>\$ 22,049</u>

TOWN OF WABBASEKA, 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	\$ 3,015	\$ 12,091
Receipts:		
State aid	2,685	15,541
Federal aid		22,583
Property taxes	5,706	
Franchise fees	10,822	
Sales taxes	55,753	
Fines, forfeitures, and costs	20,873	255
Contributions from Jefferson County		18,871
Contributions from water	2,100	500
Other	13,022	13
Transfers in		4,400
Total Receipts	<u>110,961</u>	<u>62,163</u>
Disbursements:		
General government	100,480	
Law enforcement	774	
Highways and streets		20,468
Public safety		22,995
Contributions to water		22,583
Transfers out	4,400	
Unclassified	945	
Total Disbursements	<u>106,599</u>	<u>66,046</u>
Cash Balance, December 31, 2022	<u>\$ 7,377</u>	<u>\$ 8,208</u>

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

Schedule 4

	Street	Fire Training and Equipment (Act 833)	Court Automation	Fire Department Donations	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 923	\$ 4,408	\$ 4,229	\$ 2,531		\$ 12,091
Receipts:						
State aid	15,541					15,541
Federal aid					\$ 22,583	22,583
Fines, forfeitures, and costs			255			255
Contributions from Jefferson County		18,871				18,871
Contributions from water	500					500
Other		13				13
Transfers in	4,200	200				4,400
Total Receipts	<u>20,241</u>	<u>19,084</u>	<u>255</u>		<u>22,583</u>	<u>62,163</u>
Disbursements:						
Highways and streets	20,468					20,468
Public safety		22,334		661		22,995
Contributions to water					22,583	22,583
Total Disbursements	<u>20,468</u>	<u>22,334</u>		<u>661</u>	<u>22,583</u>	<u>66,046</u>
Cash Balance, December 31, 2022	<u>\$ 696</u>	<u>\$ 1,158</u>	<u>\$ 4,484</u>	<u>\$ 1,870</u>	<u>\$ 0</u>	<u>\$ 8,208</u>

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

Schedule 5

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

2. Cash balances at year-end in the custodial fund are as follows:

	December 31, 2023	December 31, 2022
District Court	\$ 8,140	\$ 2,690

These balances 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, 2023	December 31, 2022
Land	\$ 302,000	\$ 815,000
Buildings	292,000	488,000
Equipment	366,400	376,325
Totals	<u>\$ 960,400</u>	<u>\$ 1,679,325</u>

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

	December 31, 2023
Financed purchases	<u>\$ 4,952</u>

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

	December 31, 2022
American Rescue Plan Act (ARPA)	<u>\$ 22,583</u>

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

Schedule 5

6. The schedules included on our Financial and Compliance Reports are typically cash basis. We are including additional information here, as it was brought to our attention that the Town of Wabbaseka had significant balances due to the Internal Revenue Service (IRS) and the Fire Training and Equipment (Act 833) Fund. The information below begins with cash balances per Schedules 1 through 4 of this report. The computations include changes to the cash balances for the outstanding amounts owed at year end.

	General Fund	Fire Training and Equipment (Act 833)
Cash balances per Schedules as of December 31, 2023	\$ 3,918	\$ 12,955
Due to Fire Training and Equipment (Act 833) Fund	(3,000)	
Due from General Fund		3,000
Due to the IRS - City	<u>(167,631)</u>	
Restated balances as of December 31, 2023	<u><u>\$ (166,713)</u></u>	<u><u>\$ 15,955</u></u>

	General Fund	Fire Training and Equipment (Act 833)
Cash balances per Schedule as of December 31, 2022	\$ 7,377	\$ 1,158
Due to Fire Training and Equipment (Act 833) Fund	(3,000)	
Due from General Fund		3,000
Due to the IRS - City	<u>(158,467)</u>	
Restated balances as of December 31, 2022	<u><u>\$ (154,090)</u></u>	<u><u>\$ 4,158</u></u>

The City also had a balance of \$90,842 at December 31, 2023 and a balance of \$86,767 at December 31, 2022 due to the IRS for the Water Department. The Water Funds and the payroll liabilities attributable to the Water Department were not included in our report or the above calculations.