

Town of Zinc, Arkansas

Financial and Compliance Report

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF ZINC, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Financial and Compliance Report

Schedule

Schedule of Financial Information (Unaudited)

1

Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)

2

Other Information (Unaudited)

3

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
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 Zinc, 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 Zinc, Arkansas, as of and for the year ended December 31, 2023, and have issued our report thereon dated October 3, 2024. 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:

Mayor: Marion Newman
Recorder/Treasurer: Mary Marshall

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

The Town paid \$1,040 to officials and council members for mowing, repairs, and miscellaneous labor without authorizing ordinances, in noncompliance with Ark. Code Ann. § 14-42-107. A similar finding was noted in the prior report.

In addition, three checks written to the Mayor were recorded in the disbursements journal as being paid to a different payee.

The budget was not adopted by ordinance or resolution, as required by Ark. Code Ann. § 14-58-202. A similar finding was noted in the prior two reports dating back to 2017.

Recorder/Treasurer

Accounting procedures for municipalities are set forth in the Municipal Accounting Law, Ark. Code Ann. §§ 14-59-101 – 14-59-119. The City was in noncompliance with these codes as follows:

- Bank reconciliations were not approved by a municipal official or employee other than the person preparing the reconciliation. A similar finding was issued in the prior two reports dating back to 2017.
- Invoices and supporting documentation were not maintained for all disbursements. A similar finding was issued in the prior five reports dating back to 2009.
- Prenumbered receipts were not issued for all funds received. A similar finding was issued in the prior four reports dating back to 2012.
- A detailed fixed asset listing was not maintained. A similar finding was noted in the prior report.
- Internal Revenue Service (IRS) Form W-3, Arkansas Form AR3, and IRS Form 941 (for the first and second quarter) were not provided for inspection. A similar finding was noted in the prior three reports dating back to 2014.

Recorder/Treasurer (Continued)

The following issues were noted during review of payroll records:

- Internal Revenue Service (IRS) W-2 Forms were provided for inspection; however, the Recorder/Treasurer indicated the forms were not provided to employees or filed with the IRS.
- Federal taxes and employee Social Security and Medicare taxes were not withheld from employee payroll; however, the Town remitted federal taxes and the employee portion of Social Security and Medicare taxes on behalf of the employees.
- State income taxes were not withheld from employee payroll. The IRS W-2 Forms provided for inspection reflected state withholdings, but no payments were made to the Department of Finance and Administration.

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
October 3, 2024
LOM318023

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

Schedule 1

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Cash Balance, January 1, 2023	\$ 58,254	\$ 39,323
Receipts:		
State aid	1,399	7,761
Property taxes	1,743	209
Franchise fees	931	
Sales taxes	21,008	
Other	6,172	
Transfers in		11,971
Total Receipts	<u>31,253</u>	<u>19,941</u>
Disbursements:		
General government	22,534	
Highways and streets		1,575
Transfers out	11,971	
Total Disbursements	<u>34,505</u>	<u>1,575</u>
Cash Balance, December 31, 2023	<u>\$ 55,002</u>	<u>\$ 57,689</u>

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

Schedule 2

	Street	American Rescue Plan Act	Total
Cash Balance, January 1, 2023	\$ 18,397	\$ 20,926	\$ 39,323
Receipts:			
State aid	7,761		7,761
Property taxes	209		209
Transfers in	11,971		11,971
Total Receipts	19,941		19,941
Disbursements:			
Highways and streets	1,575		1,575
Cash Balance, December 31, 2023	\$ 36,763	\$ 20,926	\$ 57,689

TOWN OF ZINC, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand accounts.
2. The Municipality's capital assets records were not available.