

**Town of Carthage, Arkansas**

**Financial and Compliance Report**

**December 31, 2023, 2022, and 2021**

LEGISLATIVE JOINT AUDITING COMMITTEE

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TOWN OF CARTHAGE, ARKANSAS  
TABLE OF CONTENTS  
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021

Financial and Compliance Report

	<u>Schedule</u>
	2023
Schedule of Financial Information (Unaudited)	1
	2022
Schedule of Financial Information (Unaudited)	2
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	3
	2021
Schedule of Financial Information (Unaudited)	4
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	5
	2023, 2022, and 2021
Other Information (Unaudited)	6

# Arkansas



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Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Financial and Compliance Report

Town of Carthage, 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 Carthage, Arkansas, as of and for the years ended December 31, 2023, 2022, and 2021, and have issued our report thereon dated August 22, 2025. 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, 2022, and 2021:

Mayor: Shawn Randall  
Recorder/Treasurer: Cascenyetta Randall (appointed June 1, 2023)  
Christopher Ogburn (appointed May 30, 2022, terminated June 1, 2023)  
Cascenyetta Randall (appointed January 1, 2021, resigned May 30, 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 and Recorder/Treasurer**

The Town paid the Recorder/Treasurer position more than the appropriated salary as shown below, in noncompliance with Ark. Code Ann. § 14-42-120.

- \$707 and \$174 in 2023 and 2022, respectively, due to the former Recorder/Treasurer training and assisting the new Recorder/Treasurer, without an amendment to the budget.
- \$699 in 2021 due to an apparent budget error and an additional payroll check to the Recorder/Treasurer.

Cash restricted for street purposes, totaling \$19,306, was transferred in 2016 from the Street Fund to the General Fund without supporting documentation, as required by Ark. Code Ann. § 27-70-207. In the prior engagement, \$800 was transferred from the General Fund to the Street Fund. During 2022 and 2021, the Town transferred \$400 (2% of General Fund revenues) and \$1,300 (5% of General Fund revenues), respectively from the General Fund to the Street Fund. As a result of these transfers, the balance due to the Street Fund was \$16,806 at December 31, 2023. The Town has not passed an ordinance or resolution to repay the Street Fund and has not obtained authorization from the Legislative Joint Auditing Committee for repayment of less than 10% of general revenues annually in noncompliance with Ark. Code Ann. § 27-70-207. A similar finding was noted in the three prior reports, dating back to 2016.

#### **Mayor**

As of report date, Arkansas Legislative Audit and a law enforcement agency are in the process of investigating certain financial transactions of the City which will be included in a subsequent report.

The governing body did not review the prior year report and accompanying comments and recommendations at the first regularly scheduled meeting following receipt of the report, in noncompliance with Ark. Code Ann. § 10-4-418. A similar finding was issued in the prior report.

The Town was in noncompliance with Ark. Code Ann. §§ 14-58-202, -203 as noted below:

- Budgets were not adopted by ordinance or resolution.
- In 2023, General Fund expenditures exceeded appropriations by \$9,454 (30%).
- In 2021, General and Street Fund expenditures exceeded appropriations by \$17,039 (77%) and \$10,180 (38%), respectively.

A similar finding was issued in the prior report.

## Recorder/Treasurer

A review of disbursements revealed that supporting documentation was not maintained for the following disbursements, in noncompliance with Ark. Code Ann. § 14-59-105:

- \$1,327 (23%), \$2,828 (48%), and \$542 (3%) disbursed in 2023, 2022, and 2021, respectively. Due to a lack of documentation, the validity and propriety of these disbursements could not be determined.
- \$1,328 (23%), \$1,609 (28%), and \$432 (3%) disbursed in 2023, 2022, and 2021, respectively, to vendors that appear to be for a legitimate business purpose; however, supporting documentation was not available.

A similar finding was issued in the prior report.

Additionally, our review of disbursements identified the following:

- Proper authorization was not obtained for the following:
  - Four disbursements totaling \$605 in 2023.
  - Two disbursements totaling \$711 in 2022.
  - Fourteen disbursements totaling \$11,206 in 2021.
- Check cancelation was not maintained for five checks in 2021.
- Mileage rates were not documented.

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

- Prenumbered checks were not issued for all disbursements.
- Monthly financial reports approved by the Town Council were not accurate. Expenditures and liabilities were omitted, electronic funds transfers (EFTs) were posted in error, and voided checks were included.
- Electronic disbursements were made without proper approval of the Town Council (by ordinance) and without establishing written policies and procedures to ensure that the EFT payment system provides for internal accounting controls and documentation for audit and accounting purposes
- Fixed assets were not properly maintained. The asset listing should include beginning and ending balances, and accurate additions, deletions, and asset balances should be properly reflected in the correct year. In addition, inventory was not properly maintained, serial numbers were not included, and equipment was listed incorrectly.
- Per the December 2023 Council meeting minutes, blank checks are provided to employees for expenses, and we noted two blank checks signed by the Treasurer.
- Annual financial statements were not published/posted. A similar finding was issued in the previous five reports dating back to 2012.
- Bank accounts were not reconciled. A similar finding was issued in the previous report.
- Prenumbered receipts were not issued. A similar finding was issued in the previous report.
- Cash receipts journals were not properly maintained to include all receipts and were not reconciled to total deposits per bank. A similar finding was issued in the previous report.
- Cash disbursements journals were not properly maintained to include all disbursements and were not reconciled to total disbursements per bank. A similar finding was noted in the previous report.

An audit or agreed-upon procedures report for the water and sewer system was not obtained, in noncompliance with Ark. Code Ann. § 14-234-119. A similar finding was issued in three prior reports dating back to 2016.

The Town owed \$2,219, \$2,219, and \$1,833, as of December 31, 2023, 2022, and 2021, respectively, to the Dallas County Treasurer for election costs for the period 2014 through 2022.

The following issues were noted during review of payroll records:

- Internal Revenue Service (IRS) quarterly 941 reports were not provided for 2023 Q2, Q3, and Q4 and 2021 Q1 and Q3. A similar finding was noted in the previous report.
- Federal taxes for 2023 Q3 were not remitted to the IRS. The amount owed could not be determined due to a 941 report not being provided. A similar finding was noted in the previous report.
- As of report date, it appears the Town owes the IRS for delinquent payroll taxes, penalties, and interest from 2016 to present totaling \$9,358, \$10,058, and \$9,693, for the years ending December 31, 2023, 2022, and 2021, respectively. A similar finding was issued in the prior report.
- Payroll taxes were not properly withheld from payroll checks and were incorrectly reported on employees' IRS Form W-2.
- The Mayor was underpaid \$2,050 in 2022, based on budgeted salary.
- State taxes documented on IRS Form W-3, totaling \$57, \$59, and \$90, were not remitted to the Department of Finance and Administration for tax years 2023, 2022, and 2021, respectively.
- IRS Form W-2 was not issued for the Payroll Preparer in 2023.
- The Town did not approve pay rates for Town employees.

Additionally, during our disbursements test, we noted payments for payroll liabilities and payments to employees for payroll and travel reimbursements of \$2,041, \$890, and \$463 in 2023, 2022, and 2021, respectively, without adequate supporting documentation.

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  
August 22, 2025  
LOM320623

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

Schedule 1

	General Fund	Special Revenue Fund - Street
	<u>          </u>	<u>          </u>
Cash Balance, January 1, 2023	\$ 58,716	\$ 53,704
Receipts:		
State aid	3,375	18,727
Property taxes	7,202	2,740
Franchise fees	8,084	
Interest	4	5
Unclassified	392	
Total Receipts	<u>19,057</u>	<u>21,472</u>
Disbursements:		
General government	32,149	
Highways and streets		24,882
Unclassified	8,812	3,586
Total Disbursements	<u>40,961</u>	<u>28,468</u>
Cash Balance, December 31, 2023	<u>\$ 36,812</u>	<u>\$ 46,708</u>

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

Schedule 2

	General Fund	Special Revenue Funds
	<u>          </u>	<u>          </u>
Cash Balance, January 1, 2022	\$ 39,270	\$ 56,119
Receipts:		
State aid	3,312	19,167
Federal aid		30,559
Property taxes	7,826	2,976
Franchise fees	7,764	
Interest	4	5
Other	715	8
Unclassified		74
Total Receipts	<u>19,621</u>	<u>52,789</u>
Disbursements:		
General government		25,265
Highways and streets		18,679
Public safety		20
Unclassified	175	11,240
Total Disbursements	<u>175</u>	<u>55,204</u>
Cash Balance, December 31, 2022	<u>\$ 58,716</u>	<u>\$ 53,704</u>

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

Schedule 3

	<u>Street</u>	<u>Fire Department</u>	<u>American Rescue Plan Act</u>	<u>Total</u>
Cash Balance, January 1, 2022	\$ 56,107	\$ 12		\$ 56,119
Receipts:				
State aid	19,167			19,167
Federal aid			\$ 30,559	30,559
Property taxes	2,976			2,976
Interest	5			5
Other		8		8
Unclassified	74			74
Total Receipts	<u>22,222</u>	<u>8</u>	<u>30,559</u>	<u>52,789</u>
Disbursements:				
General government			25,265	25,265
Highways and streets	18,279		400	18,679
Public safety		20		20
Unclassified	6,346		4,894	11,240
Total Disbursements	<u>24,625</u>	<u>20</u>	<u>30,559</u>	<u>55,204</u>
Cash Balance, December 31, 2022	<u>\$ 53,704</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 53,704</u>

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

Schedule 4

	General Fund	Special Revenue Funds
	<u>          </u>	<u>          </u>
Cash Balance, January 1, 2021	\$ 19,464	\$ 63,362
Receipts:		
State aid	5,229	25,844
Federal aid		30,559
Property taxes	7,244	2,755
Franchise fees	10,001	
Interest	2	6
Other	6,037	
Transfers in		1,300
Unclassified		152
Total Receipts	<u>28,513</u>	<u>60,616</u>
Disbursements:		
General government	6,038	30,559
Highways and streets		35,421
Public safety		120
Transfers out	1,300	
Unclassified	1,369	1,759
Total Disbursements	<u>8,707</u>	<u>67,859</u>
Cash Balance, December 31, 2021	<u>\$ 39,270</u>	<u>\$ 56,119</u>

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

Schedule 5

	Street	Fire Department	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 63,230	\$ 132		\$ 63,362
Receipts:				
State aid	25,844			25,844
Federal aid			\$ 30,559	30,559
Property taxes	2,755			2,755
Interest	6			6
Transfers in	1,300			1,300
Unclassified	152			152
Total Receipts	<u>30,057</u>		<u>30,559</u>	<u>60,616</u>
Disbursements:				
General government			30,559	30,559
Highways and streets	35,421			35,421
Public safety		120		120
Unclassified	1,759			1,759
Total Disbursements	<u>37,180</u>	<u>120</u>	<u>30,559</u>	<u>67,859</u>
Cash Balance, December 31, 2021	<u>\$ 56,107</u>	<u>\$ 12</u>	<u>\$ 0</u>	<u>\$ 56,119</u>

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

Schedule 6

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land and Buildings	\$ 533,979	\$ 533,979	\$ 533,979
Equipment	<u>77,864</u>	<u>77,864</u>	<u>77,864</u>
Totals	<u>\$ 611,843</u>	<u>\$ 611,843</u>	<u>\$ 611,843</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
American Rescue Plan Act (ARPA)	<u>\$ 30,559</u>	<u>\$ 30,559</u>