

Town of Carthage, Arkansas

Financial and Compliance Report

December 31, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF CARTHAGE, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2024

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Arkansas

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Kevin William White, CPA, JD
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 year ended December 31, 2024, and have issued our report thereon dated February 4, 2026. 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 2024:

Mayor: Shawn Randall
Recorder/Treasurer: Cascenyetta Randall

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

Former Recorder/Treasurer Christopher Ogburn, who resigned on June 1, 2023, was not removed from Town bank accounts at the time of his resignation. Subsequently, he made unauthorized cash withdrawals, totaling \$52,500, from two Town bank accounts from April 11 to May 28, 2024. Ogburn entered a negotiated plea of guilty to Theft of Property on December 17, 2025; was sentenced to 120 months probation; and was ordered to pay restitution totaling \$50,200.

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. A similar finding was issued in the previous report.
- Monthly financial reports approved by the Town Council were not accurate. Expenditures, liabilities, and revenues were omitted and posted in error. Beginning and ending balances were not accurate. A similar finding was issued in the previous report.
- 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. A similar finding was issued in the previous report.
- Fixed assets are not properly maintained. The asset listing should include beginning and ending balances and accurate addition, 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. A similar finding was issued in the previous report.
- Annual financial statements were not published/posted. A similar finding was issued in previous six reports dating back to 2012.
- Bank accounts were not reconciled. A similar finding was issued in the previous two reports dating back to 2018.
- Prenumbered receipts were not issued. A similar finding was issued in the previous two reports dating back to 2018.
- Cash receipts journals were not properly maintained. A similar finding was issued in the previous two reports dating back to 2018.
- Cash disbursements journals were not properly maintained. A similar finding was issued in the previous two reports dating back to 2018.

Cash restricted for street purposes totaling \$19,306 was transferred in 2016 from the Street Fund to the General Fund without supporting documentation and in 2024, the Town spent \$688 from the Street Fund that was inconsistent with Ark. Code Ann. § 27-70-207. In prior years, \$2,500 was transferred from the General Fund to the Street Fund, leaving a balance due of \$17,494 at December 31, 2024. The Town obtained authorization from the Legislative Joint Auditing Committee for repayment of \$170 or 10% of general revenues monthly at the December 11, 2025, committee meeting. A similar finding was noted in the four previous reports dating back to 2016.

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:

- \$681 (13%) of disbursements tested. Due to a lack of documentation, the validity and propriety of these disbursements could not be determined.
- \$1,087 (21%) of disbursements tested to vendors that appear to be for a legitimate business purpose; however, supporting documentation was not available.

Additionally, proper authorization was not obtained for 6 disbursements tested totaling \$2,023.

A similar finding was issued in two prior reports dating back to 2018.

The following issues were noted during review of payroll records:

- Internal Revenue Services (IRS) quarterly 941 reports were not prepared. A similar finding was issued in the previous two reports dating back to 2018.
- State taxes documented on IRS Form W-3, totaling \$43, were not remitted to the Department of Finance and Administration. Form AR3 was not prepared. A similar finding was noted in the previous report.
- Federal taxes were not remitted to the IRS. The amount could not be determined due to 941 reports not being prepared. A similar finding was issued in the previous two reports dating back to 2018.
- Payroll taxes were not properly withheld from payroll checks. Payroll taxes and wages were incorrectly reported on employees' IRS Form W-2. A similar finding was noted in the previous report.
- The Town did not approve pay rates for Town employees. A similar finding was noted in the previous report.
- Payroll records do not accurately reflect checks issued, hourly rates, and total paid.
- Cashier's checks issued for payroll checks were not properly documented.

Additionally, during our disbursements test, we noted payments to employees for payroll and travel reimbursements of \$283, without adequate supporting documentation. A similar finding was noted in the previous report.

Although Schedule 1 shows a cash balance of \$10,557 in the General Fund, it was brought to our attention that as of December 31, 2024, the General Fund owed the following:

- \$17,494 to the Street Fund.
- \$9,846 to the Internal Revenue Service (IRS) for delinquent payroll taxes, without estimated penalties and interest from 2016 to present.
- \$2,219 to the Dallas County Treasurer for election costs for the period 2014 through 2022.

When these outstanding amounts were considered, the General Fund had a deficit fund balance of \$19,002.

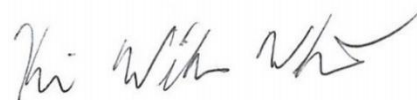
Mayor

Budgets were not adopted by ordinance or resolution in noncompliance with Ark. Code Ann. § 14-58-202. A similar finding was issued 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 four previous reports dating back to 2016.

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
February 4, 2026
LOM320624

TOWN OF CARTHAGE, ARKANSAS
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2024
 (UNAUDITED)

Schedule 1

	<u>General Fund</u>	<u>Special Revenue Fund - Street</u>
Cash Balance, January 1, 2024	\$ 36,812	\$ 46,708
Receipts:		
State aid	3,301	18,255
Property taxes	5,997	2,281
Franchise fees	8,259	
Sales taxes	1,850	
Interest	1	2
Other	2,000	
Unclassified	2,805	
Total Receipts	<u>24,213</u>	<u>20,538</u>
Disbursements:		
General government	30,468	
Highways and streets		24,597
Unclassified	20,000	32,500
Total Disbursements	<u>50,468</u>	<u>57,097</u>
Cash Balance, December 31, 2024	<u>\$ 10,557</u>	<u>\$ 10,149</u>

TOWN OF CARTHAGE, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Schedule 2

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

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

	December 31, 2024
Land and Buildings	\$ 533,979
Equipment	77,864
Total	\$ 611,843

3. Deficit Fund Balance

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 General Fund owed significant amounts to the Street Fund, the Internal Revenue Service (IRS), and the Dallas County Treasurer. The information below begins with the cash balances per Schedule 1 of this report. The computation includes changes to the cash balances for outstanding amounts owed at year end.

	December 31, 2024	
	General	Street
Cash balances per Schedules	\$ 10,557	\$ 10,149
Due to other funds	(17,494)	
Due from other funds		17,494
Due to IRS	(9,846)	
Due to Dallas County Treasurer	(2,219)	
Totals	\$ (19,002)	\$ 27,643