

Town of Carthage, Arkansas

Financial and Compliance Report

December 31, 2016

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF CARTHAGE, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2016

Financial and Compliance Report

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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 year ended December 31, 2016, and have issued our report thereon dated April 18, 2018. These procedures were not performed for the Water and Sewer Department Fund. 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 2016:

Mayor: Jeffrey Toney
Recorder/Treasurer: Rita Wesley

We evaluated the Town's compliance with certain state laws concerning general accounting, budgeting, purchasing, and investing and depositing of public funds.

Noncompliance with state law and accepted accounting practices was noted in the offices of the **Mayor** and **Recorder/Treasurer**.

Mayor

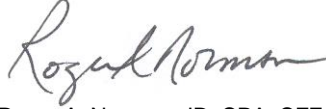
1. The Town did not adopt a budget, as required by Ark. Code Ann. § 14-58-202. A similar finding was issued in the previous report.
2. The Town Council did not adopt a policy defining fixed assets, as required by Ark. Code Ann. § 14-59-107. A similar finding was issued in the previous report.
3. Arkansas Legislative Audit received the Town's Accountant's Report and Financial Statement for the water and sewer system; however, an audit opinion or agreed-upon procedures report was not included, as required by Ark. Code Ann. § 14-234-119.

Recorder/Treasurer

1. Fixed asset records were not provided or maintained, as required by Ark. Code Ann. § 14-59-107. A similar finding was issued in the previous report.
2. An annual financial statement was not published/posted, as required by Ark. Code Ann. § 14-59-116. A similar finding was issued in the previous report.
3. Total receipts per the General Fund cash receipts journal were \$9,671 less than total bank deposits, in noncompliance with Ark. Code Ann § 14-59-110.
4. Payroll records, including the Internal Revenue Service (IRS) Forms 941 and Department of Finance and Administration (DFA) Form AR3 were not available. A similar finding was issued in the previous report.
5. Cash restricted for street purposes totaling \$19,306 was transferred from the Street Fund certificate of deposit to the General Fund without 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 cursive script that reads "Roger A. Norman".

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

Little Rock, Arkansas
April 18, 2018
LOM320616

TOWN OF CARTHAGE, ARKANSAS
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2016
 (UNAUDITED)

Schedule 1

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Cash Balance, January 1, 2016	\$ 8,676	\$ 72,760
Receipts:		
State aid	5,478	22,658
Federal aid		71,050
Property taxes	11,143	4,246
Franchise fees	9,837	
Interest	9	34
Rent	2,200	
Other	578	
Transfers in	19,305	
Total Receipts	<u>48,550</u>	<u>97,988</u>
Disbursements:		
General government	35,210	
Highways and streets		14,726
Public safety		57
Recreation and culture		71,105
Transfers out		19,305
Total Disbursements	<u>35,210</u>	<u>105,193</u>
Cash Balance, December 31, 2016	<u>\$ 22,016</u>	<u>\$ 65,555</u>

TOWN OF CARTHAGE, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016
 (UNAUDITED)

Schedule 2

	Street	Fire Department	Arkansas Rural Services Block Grant	Total
Cash Balance, January 1, 2016	\$ 70,897	\$ 1,808	\$ 55	\$ 72,760
Receipts:				
State aid	22,658			22,658
Federal aid			71,050	71,050
Property taxes	4,246			4,246
Interest	34			34
Total Receipts	26,938		71,050	97,988
Disbursements:				
Highways and streets	14,726			14,726
Public safety		57		57
Recreation and culture			71,105	71,105
Transfers out	19,305			19,305
Total Disbursements	34,031	57	71,105	105,193
Cash Balance, December 31, 2016	\$ 63,804	\$ 1,751	\$ 0	\$ 65,555

TOWN OF CARTHAGE, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand accounts.
2. The Municipality's capital assets records were not available.
The figures below are from prior Financial and Compliance Report.

	<u>December 31, 2016</u>
Buildings	\$ 588,979
Equipment	<u>52,400</u>
Total	<u>\$ 641,379</u>