

**City of Eudora, Arkansas**

**Financial and Compliance Report**

**December 31, 2023 and 2022**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF EUDORA, ARKANSAS  
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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

City of Eudora, 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 City of Eudora, Arkansas, as of and for the years ended December 31, 2023 and 2022, and have issued our report thereon dated October 31, 2024. These procedures were not performed for the Water and Sewer Funds. Management of the City 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: Tomeka Butler  
Clerk/Treasurer: NaTarsha Harris (Appointed September 12, 2023 – December 31, 2023)  
Vacant (July 4, 2023 – September 11, 2023)  
LaPorsha Stanton (Elected January 1, 2023 – Resigned July 3, 2023)  
Juanita Burton (Appointed December 5, 2022 – December 31, 2022)  
Vacant (August 16, 2022 – December 4, 2022)  
Marshay Bell (Appointed January 1, 2022 – Resigned August 15, 2022)  
District Court Clerk: Jennifer Bordelon  
Police Chief: Michael Pitts (Hired April 19, 2022 – December 31, 2023)  
Vacant (February 27, 2022 – April 18, 2022)  
Tavion Vaughan (Hired January 1, 2022 – Resigned February 26, 2022)

We evaluated the City'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**, **Clerk/Treasurer**, and **District Court Clerk**.

#### Mayor

Review of debit card charges for the period January 1, 2022 through December 31, 2023, revealed the following improper/questionable purchases totaling \$14,179:

- \$9,533 for undocumented disbursements, the validity of which could not be determined.
- \$1,686 for lodging and meals without a business purpose indicated.
- \$1,182 for decorations.
- \$824 for 144 candles.
- \$736 for food-related items (i.e., snacks, candy, drinks, flavored coffee/creamer, charcoal, and utensils).
- \$103 for personal books.
- \$65 for hotel late check-out fee.
- \$50 for a donation.

The City made payments totaling \$2,644 and \$11,187 paid in 2023 and 2022, respectively, for related party transactions to a City employee and the employee's business without an authorizing ordinance, in apparent conflict with Ark. Code Ann. § 14-42-107.

Review of selected travel reimbursements and fuel purchases for the period January 1, 2022 through December 31, 2023, revealed the Mayor:

- Purchased fuel totaling \$3,738 without vehicle information indicated.
- Received mileage reimbursements totaling \$2,220 without a business purpose indicated or approval by the City Council, as required by Eudora Ordinance no. 2019-01 (March 4, 2019).
- Received reimbursement for a \$50 fuel purchase without an invoice.
- Purchased \$31 in fuel on the same day she was reimbursed for mileage.

## **Mayor (Continue)**

During the same period, the District Court Clerk received travel reimbursements totaling \$2,027 without specific dates of travel indicated or approval by the City Council, as required by Eudora Ordinance no. 2019-01 (March 4, 2019). Included in this amount is one reimbursement for \$907, which covered a five-year period (2017 - 2021).

It should be noted that invoices totaling \$8,979 were not provided for January through May 2022 and January 2023. Without supporting documentation, we were unable to determine the validity of these fuel purchases.

The City paid \$565 for tires for an employee's personal vehicle and allowed the employee to repay the City through subsequent payroll deduction, in conflict with Ark. Const. art. 12, § 5, which prohibits cities from loaning their credit to an individual.

As of December 31, 2023, the following funds were owed for various reasons listed:

- Sales Tax Fund owes the Parks and Recreation Fund \$19,033 for sales tax money deposited in error to the Sales Tax Fund as per City Ordinance No. 389 (July 8, 1996).
- General Fund owes the General Secured Credit Line Fund \$536 for monies deposited to the General Fund in error.
- General Fund owes the Act 833 Fund \$503, since Act 833 Fund paid for unallowable expenditures which were in noncompliance with Ark. Code Ann. §§ 14-284-403, -404.
- Property taxes restricted for Street purposes of \$683 were deposited in the General Fund in error and not transferred to the Street Fund, in noncompliance with Ark. Code Ann. § 26-79-104. A similar finding was issued in the prior report.

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

The City solicited bids for a construction project in March 2022 and accepted the lowest bid of \$224,900. Subsequently, two additional projects, totaling \$73,980 and \$95,715 were added for a replacement roof and renovation of a room, respectively. These projects amended the original contract, rather than resulting in bids being solicited, as required by Ark. Code Ann. § 22-9-203.

An audit or agreed-upon procedures and compilation report was not obtained for the Water and Sewer System Funds for 2022 and 2021, as required by Ark. Code Ann. § 14-234-119. A similar finding was issued in the prior report.

## **Mayor / District Court Clerk**

The District Court Clerk used all of her accrued sick leave in May 2023. The City allowed her to receive payments for unearned sick leave, resulting in salary overpayments totaling \$10,417. Subsequently, the District Court Clerk retired in July 2024.

Check images provided by the bank for the General, Mosquito Control, Street, Act 833, Parks and Recreation, Administration of Justice, Payroll, District Court City, District Court Small Claims, and Police Miscellaneous accounts were not in compliance with Ark. Code Ann. §§ 19-2-501 - 19-2--509. A similar finding was issued in the prior report.

## **Mayor / Clerk/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 not in compliance with these codes and other proper accounting procedures as noted below:

- Cash receipts and disbursements journals were not properly maintained. Multiple transactions were posted to improper asset and liability accounts in the general ledger resulting in numerous posting errors. A similar finding was issued in the prior report. Also, journals were not established for the Street Vehicle Grant Fund and the Emergency Shelter Renovation Grant Fund.
- Prenumbered receipts were not issued for all funds received; also, receipt numbers were not always recorded in the general ledger. A similar finding was issued in the previous two reports.
- Disbursements were not made by prenumbered checks for all expenditures.
- Adequate supporting documentation was not maintained for tested disbursements of \$14,403 (12%) and \$44,784 (12%) for 2023 and 2022, respectively.
- Bank accounts were not always properly reconciled and approved by someone other than the preparer. A similar finding was issued in the prior report.
- Electronic disbursements were made without proper approval of the City 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. A similar finding was issued in the prior report.
- Minutes for council meetings taking place in February and December 2022 were not made available.
- The budget was not provided at the time of the engagement; therefore, actual disbursements could not be compared to appropriations.
- A fixed asset listing was established, but records were not updated for 2023 or 2022.

**Mayor / Clerk/Treasurer (Continued)**

A lack of management oversight permitted these instances of noncompliance with the Municipal Accounting Law and proper accounting procedures. The effect of not following Municipal Accounting Law and proper accounting procedures precludes management from making appropriate, informed decisions on behalf of the City.

**District Court Clerk**

The District Court was in noncompliance with Ark. Code Ann. § 16-10-209 and other proper accounting procedures as listed below:

- The Civil bank account was not always properly reconciled.
- Receipts were not always deposited timely. (City and Civil)
- Prenumbered receipts were not always issued for all moneys collected. (City and Civil)
- Receipts and check disbursement journals were not properly maintained. (City and Civil)
- Receipts and check disbursements were not always reconciled with monthly bank deposits and withdrawals. (City only)
- Ending cash balances were not identified with receipt numbers for cases not yet adjudicated and payments made. The unidentified amounts for the City accounts were \$838 and \$152 for 2023 and 2022, respectively, and for the Civil accounts the unidentified amounts were \$591 and \$1,237 for 2023 and 2022, respectively.
- The Court Clerk did not always make the required direct monetary settlements on or before the tenth day of the next-following month. (City and Civil accounts)

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local City 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 31, 2024  
LOM103223

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

Schedule 1

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>
Cash Balance, January 1, 2023	\$ 108,043	\$ 248,498	\$ 3,866
Receipts:			
State aid	26,273	178,328	
Federal aid			191,875
Property taxes	53,418	15,650	
Franchise fees	75,399		
Sales taxes	656,562	123,852	
Fines, forfeitures, and costs	24,522		
Interest	348	136	
Local permits and fees	18,349		
Sanitation fees	145,526		
Contributions from water department	45,000		
Other	31,777	6,577	
Transfers in		1,007	
Unclassified	62,505	35,141	
Total Receipts	<u>1,139,679</u>	<u>360,691</u>	<u>191,875</u>
Disbursements:			
General government	306,860	65,546	
Law enforcement	592,808		
Highways and streets		129,596	
Public safety	38,320	21,382	
Sanitation	155,600		
Health	14,826		
Recreation and culture		110,082	
Debt service	27,137		
Transfers out	1,007		
Unclassified	50,115	11,983	191,875
Total Disbursements	<u>1,186,673</u>	<u>338,589</u>	<u>191,875</u>
Cash Balance, December 31, 2023	<u>\$ 61,049</u>	<u>\$ 270,600</u>	<u>\$ 3,866</u>

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

Schedule 2

	Street	Fire Equipment and Training (Act 833)	Parks and Recreation	American Rescue Plan Act	Total
Cash Balance, January 1, 2023	\$ 25,521	\$ 19,451	\$ 15,790	\$ 187,736	\$ 248,498
Receipts:					
State aid	145,768	32,560			178,328
Property taxes	15,650				15,650
Sales taxes			123,852		123,852
Interest		136			136
Other	3,635		2,942		6,577
Transfers in	1,007				1,007
Unclassified	35,141				35,141
Total Receipts	<u>201,201</u>	<u>32,696</u>	<u>126,794</u>		<u>360,691</u>
Disbursements:					
General government				65,546	65,546
Highways and streets	129,596				129,596
Public safety		21,382			21,382
Recreation and culture			110,082		110,082
Unclassified	3,274	3,254	5,455		11,983
Total Disbursements	<u>132,870</u>	<u>24,636</u>	<u>115,537</u>	<u>65,546</u>	<u>338,589</u>
Cash Balance, December 31, 2023	<u>\$ 93,852</u>	<u>\$ 27,511</u>	<u>\$ 27,047</u>	<u>\$ 122,190</u>	<u>\$ 270,600</u>

CITY OF EUDORA, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (UNAUDITED)

Schedule 3

	Fire Truck Grant	Johns Basketball Court	Police Car Grant	Emergency Shelter Renovation Grant	Total
Cash Balance, January 1, 2023	\$ 2,434	\$ 231	\$ 1,200	\$ 1	\$ 3,866
Receipts:					
Federal aid				191,875	191,875
Disbursements:					
Unclassified				191,875	191,875
Cash Balance, December 31, 2023	\$ 2,434	\$ 231	\$ 1,200	\$ 1	\$ 3,866



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

Schedule 4

	General Fund	Special Revenue Funds	Capital Projects Funds
Cash Balance, January 1, 2022	\$ 128,024	\$ 368,171	\$ 3,876
Receipts:			
State aid	47,309	149,190	
Federal aid	3,000	228,131	20,425
Property taxes	42,783	10,891	
Franchise fees	93,796		
Sales taxes	644,012	126,980	
Fines, forfeitures, and costs	18,787		
Interest	263	45	
Local permits and fees	23,128		
Sanitation fees	153,249		
Other	11,440	1,775	
Unclassified	18,175	6,001	
Total Receipts	<u>1,055,942</u>	<u>523,013</u>	<u>20,425</u>
Disbursements:			
General government	320,411		
Law enforcement	475,459		
Highways and streets		168,956	
Public safety	44,339	24,773	
Sanitation	179,910		
Health	10,754		
Recreation and culture		143,327	
Contribution to water department	35,000		
Unclassified	10,050	305,630	20,435
Total Disbursements	<u>1,075,923</u>	<u>642,686</u>	<u>20,435</u>
Cash Balance, December 31, 2022	<u>\$ 108,043</u>	<u>\$ 248,498</u>	<u>\$ 3,866</u>

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

Schedule 5

	Street	Fire Equipment and Training (Act 833)	Parks and Recreation	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 100,362	\$ 19,394	\$ 51,281	\$ 197,134	\$ 368,171
Receipts:					
State aid	149,190				149,190
Federal aid	31,000			197,131	228,131
Property taxes	10,891				10,891
Sales taxes		24,108	102,872		126,980
Interest		45			45
Other		25	1,750		1,775
Unclassified	2,450	652	2,899		6,001
Total Receipts	<u>193,531</u>	<u>24,830</u>	<u>107,521</u>	<u>197,131</u>	<u>523,013</u>
Disbursements:					
Highways and streets	168,956				168,956
Public safety		24,773			24,773
Recreation and culture			143,327		143,327
Unclassified	99,416		(315)	206,529	305,630
Total Disbursements	<u>268,372</u>	<u>24,773</u>	<u>143,012</u>	<u>206,529</u>	<u>642,686</u>
Cash Balance, December 31, 2022	<u>\$ 25,521</u>	<u>\$ 19,451</u>	<u>\$ 15,790</u>	<u>\$ 187,736</u>	<u>\$ 248,498</u>

CITY OF EUDORA, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (UNAUDITED)

Schedule 6

	<u>Fire Truck Grant</u>	<u>Johns Basketball Court</u>	<u>Police Car Grant</u>	<u>Emergency Shelter Renovation Grant</u>	<u>Total</u>
Cash Balance, January 1, 2022	\$ 2,434	\$ 241	\$ 1,200	\$ 1	\$ 3,876
Receipts:					
Federal aid				20,425	20,425
Disbursements:					
Unclassified		10		20,425	20,435
Cash Balance, December 31, 2022	<u>\$ 2,434</u>	<u>\$ 231</u>	<u>\$ 1,200</u>	<u>\$ 1</u>	<u>\$ 3,866</u>

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

Schedule 7

1. Cash balances on the Financial Schedules include demand and savings accounts.
2. The General Fund column on the Financial Schedules includes the following bank accounts:  
General, Mosquito Control, Sales and Use Tax, and General Secured Line of Credit.
3. Cash balances at year-end in the custodial funds are as follows:

	December 31, 2023	December 31, 2022
District Court - City	\$ 6,964	\$ 7,184
District Court - Civil	591	1,237
Payroll	39,993	35,588
Administration of Justice	4,674	4,270
Police Miscellaneous	1,590	1,130

These balances represent fines, forfeitures, and costs and payroll taxes that have not been transferred to the appropriate entities.

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

	December 31, 2023	December 31, 2022
Land and buildings	\$ 1,371,523	\$ 1,371,523
Equipment	1,377,252	1,377,252
Totals	\$ 2,748,775	\$ 2,748,775

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

	December 31, 2023
Financed purchase	\$ 64,771

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

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

	December 31, 2022
American Rescue Plan Act (ARPA)	<u>\$ 197,131</u>

7. The Schedules included on our Financial and Compliance Reports are cash basis. We are including additional information here, as it was brought to our attention that the City of Eudora (City) had a significant decrease in the General Fund cash balance during the fiscal year 2024. As of report date, (October 31, 2024), the City's General Fund cash balance was \$36,128.