

City of Lepanto, Arkansas

Financial and Compliance Report

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF LEPANTO, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2023

Financial and Compliance Report

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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Lepanto, 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 Lepanto, Arkansas, as of and for the year ended December 31, 2023, and have issued our report thereon dated April 30, 2025. These procedures were not performed for the Water and Sewer Fund. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The finding contained in this section relates to the following officials who held office during 2023:

Mayor: Henry Tucker
Recorder/Treasurer: Tamara Wyatt
District Court Clerk: Regina Gipson
Police Chief: Wyatt Wheaton (Appointed July 1, 2023)
Chad Henderson (Terminated February 13, 2023)
Park and Recreation Commission: JP Holiman

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 office of the **Park and Recreation Commission**.

Park and Recreation Commission

The following issues were noted concerning the Park Commission Fund:

- Bank reconciliations were not prepared.
- Cash receipts and disbursements journals were not established.
- Prenumbered receipts were not issued for all revenues received and bank deposit slips were not provided.
- Checks were not issued in proper sequence.
- Cancelled check images returned with bank statements did not include copies of the backs of the cancelled checks, as required by Ark. Code Ann. § 19-2-506.
- Checks did not have two (2) authorized signatures.
- Supporting documentation for disbursements were not provided.

A similar finding was noted in the previous three reports dating back to 2020.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local 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
April 30, 2025
LOM105123

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

Schedule 1

	General Fund	Special Revenue Funds	Debt Service (2007 Sales and Use Tax)	Pension Trust (Firemen's Pension)
Cash and Investment Balance, January 1, 2023	\$ 131,893	\$ 548,618	\$ 147,033	\$ 122,187
Receipts:				
State aid	26,334	174,033		
Property taxes	21,278	12,337		2,241
Franchise fees	95,744			
Sales taxes	516,748	51,599	42,935	
Fines, forfeitures, and costs	19,512	5,099		
Interest	115	93	3,126	1,727
Local permits and fees	131,184			
Sanitation fees	172,199			
Employee contributions		11,091		
Park fees, rentals, and sales		9,626		
Rental income	8,100			
Donations		5,000		
Net increase/(decrease) in fair value of investments				(16,286)
Other	41,608	121		220
Transfers in	192,901			
Contribution from Poinsett County	9,130			
Total Receipts	1,234,853	268,999	46,061	(12,098)
Disbursements:				
General government	78,068	4,335		
Law enforcement	503,363	49,714		
Highways and streets		176,793		
Public safety	41,626	37,303		15,026
Sanitation	154,499	6,312		
Health	42,924			
Recreation and culture	3,904	25,776		
Transfer out			192,901	
Contribution to water and sewer		102,185		
Debt service		5,309		
Contribution to Arkansas Local Police and Fire Retirement System				95,063
Sales tax remitted to water and sewer	103,197			
Total Disbursements	927,581	407,727	192,901	110,089
Cash Balance, December 31, 2023	\$ 439,165	\$ 409,890	\$ 193	\$ 0

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

Schedule 2

	Street	Fire Equipment	Court Automation	Fire Protection	Criminal Justice	Cemetery	Jail Maintenance
Cash Balance, January 1, 2023	\$ 50,229	\$ 28,309	\$ 920	\$ 34,258	\$ 973	\$ 6,697	\$ 495
Receipts:							
State aid	146,106			27,927			
Property taxes	12,337						
Sales taxes							
Fines, forfeitures, and costs			2,134		1,256		853
Interest	12					1	
Employee contributions							
Park fees, rentals, and sales							
Donations				5,000			
Other	120						
Total Receipts	<u>158,575</u>		<u>2,134</u>	<u>32,927</u>	<u>1,256</u>	<u>1</u>	<u>853</u>
Disbursements:							
General government							
Law enforcement					688		1,144
Highways and streets	161,793						
Public safety				35,753			
Sanitation							
Recreation and culture							
Contribution to water and sewer							
Debt service				5,309			
Total Disbursements	<u>161,793</u>			<u>41,062</u>	<u>688</u>		<u>1,144</u>
Cash Balance, December 31, 2023	<u>\$ 47,011</u>	<u>\$ 28,309</u>	<u>\$ 3,054</u>	<u>\$ 26,123</u>	<u>\$ 1,541</u>	<u>\$ 6,698</u>	<u>\$ 204</u>

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

Schedule 2

	Drug Control	Local Police and Fire Retirement Cost	Park Maintenance and Operations	Park Commission	American Rescue Plan Act (ARPA)	Total
Cash Balance, January 1, 2023	\$ 283	\$ 153	\$ 174,517	\$ 10,072	\$ 241,712	\$ 548,618
Receipts:						
State aid						174,033
Property taxes						12,337
Sales taxes			51,599			51,599
Fines, forfeitures, and costs		856				5,099
Interest			37		43	93
Employee contributions		11,091				11,091
Park fees, rentals, and sales				9,626		9,626
Donations						5,000
Other	1					121
Total Receipts	<u>1</u>	<u>11,947</u>	<u>51,636</u>	<u>9,626</u>	<u>43</u>	<u>268,999</u>
Disbursements:						
General government					4,335	4,335
Law enforcement	5	8,524			39,353	49,714
Highways and streets					15,000	176,793
Public safety		1,550				37,303
Sanitation					6,312	6,312
Recreation and culture			23,201	2,575		25,776
Contribution to water and sewer					102,185	102,185
Debt service						5,309
Total Disbursements	<u>5</u>	<u>10,074</u>	<u>23,201</u>	<u>2,575</u>	<u>167,185</u>	<u>407,727</u>
Cash Balance, December 31, 2023	<u>\$ 279</u>	<u>\$ 2,026</u>	<u>\$ 202,952</u>	<u>\$ 17,123</u>	<u>\$ 74,570</u>	<u>\$ 409,890</u>

CITY OF LEPANTO, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand accounts and certificates of deposit.

2. The General Fund column on the Financial Schedules includes the following bank accounts:
General, Police Line, Payroll, and Sales Tax

3. Cash balances at year-end in the custodial funds are as follows:

	December 31, 2023
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Police Bond and Fine	\$ 5,635
District Court	31,063

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

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

	December 31, 2023
	<hr/>
Land	\$ 264,154
Buildings	2,137,766
Equipment	<hr/> 1,104,846
Total	<hr/> <hr/> \$ 3,506,766

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

	December 31, 2023
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Financed purchases	<hr/> <hr/> \$ 31,471