

**City of Lakeview, Arkansas**

**Financial and Compliance Report**

**December 31, 2022 and 2021**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF LAKEVIEW, ARKANSAS  
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# Arkansas

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**Sen. John Payton**  
Senate Vice Chair



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House Vice Chair

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Financial and Compliance Report

City of Lakeview, 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 Lakeview, Arkansas, as of and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated November 14, 2023. 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 2022 and 2021:

Mayor: Dennis Behling  
Recorder/Treasurer: Kim Wallace  
District Court Clerk: Kim Wallace  
Police Chief: David Hotchkiss

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 **Recorder/Treasurer** and **District Court Clerk**.

#### **Recorder/Treasurer**

The following issues were noted when reviewing payroll records:

- Internal Revenue Service (IRS) Quarterly 941 reports were not filed.
- State of Arkansas Transmittal of Tax and Wage Statements (AR3) was not provided for 2021.
- We were unable to determine if the appropriate taxes were withheld and remitted or wages reported were proper.

A similar finding was noted in the prior report.

#### **District Court Clerk**

Individual citations (e-tickets) were not reconciled to the arrest reports or court dockets by someone other than the District Court Clerk, who is designated as the official primarily responsible for the collection of fines, in noncompliance with Ark. Code Ann. § 16-10-209. A similar finding was noted in the prior report.

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

A handwritten signature in black ink that reads "Roger A. Norman".

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

Little Rock, Arkansas  
November 14, 2023  
LOM210522

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

Schedule 1

|                                 | General<br>Fund   | Special<br>Revenue<br>Funds |
|---------------------------------|-------------------|-----------------------------|
| Cash Balance, January 1, 2022   | \$ 386,212        | \$ 402,292                  |
| Receipts:                       |                   |                             |
| State aid                       | 22,327            | 66,911                      |
| Federal aid                     | 3,000             | 74,481                      |
| Property taxes                  | 36,537            | 16,444                      |
| Franchise fees                  | 7,658             |                             |
| Sales taxes                     | 263,313           |                             |
| Fines, forfeitures, and costs   | 24,322            | 2,949                       |
| Interest                        | 797               | 180                         |
| Local permits and fees          | 1,195             |                             |
| Other                           | 9,609             |                             |
| Transfers in                    |                   | 30,000                      |
| Total Receipts                  | <u>368,758</u>    | <u>190,965</u>              |
| Disbursements:                  |                   |                             |
| General government              | 156,379           | 2,232                       |
| Law enforcement                 | 86,405            | 27,800                      |
| Highways and streets            |                   | 28,857                      |
| Transfers out                   | 30,000            |                             |
| Unclassified                    | 3,781             |                             |
| Total Disbursements             | <u>276,565</u>    | <u>58,889</u>               |
| Cash Balance, December 31, 2022 | <u>\$ 478,405</u> | <u>\$ 534,368</u>           |

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

Schedule 2

|                                 | Street            | Court Automation | Local Fire and<br>Police Retirement<br>System | Criminal Justice | American Rescue<br>Plan Act | Total             |
|---------------------------------|-------------------|------------------|---|------------------|-----------------------------|-------------------|
| Cash Balance, January 1, 2022   | \$ 311,197        | \$ 2,759         | \$ 3,542                                      | \$ 10,312        | \$ 74,482                   | \$ 402,292        |
| Receipts:                       |                   |                  |   |                  |                             |                   |
| State aid                       | 66,911            |                  |   |                  |                             | 66,911            |
| Federal aid                     |                   |                  |   |                  | 74,481                      | 74,481            |
| Property taxes                  | 16,444            |                  |   |                  |                             | 16,444            |
| Fines, forfeitures, and costs   |                   | 808              | 116   | 2,025            |                             | 2,949             |
| Interest                        | 170               | 1                | 4   | 5                |                             | 180               |
| Transfers in                    |                   |                  | 30,000  |                  |                             | 30,000            |
| Total Receipts                  | <u>83,525</u>     | <u>809</u>       | <u>30,120</u>                                 | <u>2,030</u>     | <u>74,481</u>               | <u>190,965</u>    |
| Disbursements:                  |                   |                  |   |                  |                             |                   |
| General government              |                   |                  |   |                  | 2,232                       | 2,232             |
| Law enforcement                 |                   | 3,263            | 16,960  |                  | 7,577                       | 27,800            |
| Highways and streets            | <u>28,857</u>     |                  |   |                  |                             | <u>28,857</u>     |
| Total Disbursements             | <u>28,857</u>     | <u>3,263</u>     | <u>16,960</u>                                 |                  | <u>9,809</u>                | <u>58,889</u>     |
| Cash Balance, December 31, 2022 | <u>\$ 365,865</u> | <u>\$ 305</u>    | <u>\$ 16,702</u>                              | <u>\$ 12,342</u> | <u>\$ 139,154</u>           | <u>\$ 534,368</u> |

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

Schedule 3

|                                 | General<br>Fund   | Special<br>Revenue<br>Funds |
|---------------------------------|-------------------|-----------------------------|
| Cash Balance, January 1, 2021   | \$ 342,007        | \$ 294,005                  |
| Receipts:                       |                   |                             |
| State aid                       | 12,152            | 61,762                      |
| Federal aid                     | 2,550             | 74,482                      |
| Property taxes                  | 36,081            | 16,160                      |
| Franchise fees                  | 5,960             |                             |
| Sales taxes                     | 222,534           |                             |
| Fines, forfeitures, and costs   | 9,569             | 1,665                       |
| Interest                        | 2,237             | 156                         |
| Local permits and fees          | 2,968             |                             |
| Other                           | 9,850             |                             |
| Transfers in                    |                   | 5,000                       |
| Total Receipts                  | <u>303,901</u>    | <u>159,225</u>              |
| Disbursements:                  |                   |                             |
| General government              | 176,366           |                             |
| Law enforcement                 | 75,048            | 19,584                      |
| Highways and streets            |                   | 31,354                      |
| Recreation and culture          | 690               |                             |
| Transfers out                   | 5,000             |                             |
| Unclassified                    | 2,592             |                             |
| Total Disbursements             | <u>259,696</u>    | <u>50,938</u>               |
| Cash Balance, December 31, 2021 | <u>\$ 386,212</u> | <u>\$ 402,292</u>           |

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

Schedule 4

|                                 | Street            | Court Automation | Local Fire and<br>Police Retirement<br>System | Criminal Justice | American Rescue<br>Plan Act | Total             |
|---------------------------------|-------------------|------------------|---|------------------|-----------------------------|-------------------|
| Cash Balance, January 1, 2021   | <u>\$ 264,485</u> | <u>\$ 340</u>    | <u>\$ 19,708</u>                              | <u>\$ 9,472</u>  |                             | <u>\$ 294,005</u> |
| Receipts:                       |                   |                  |   |                  |                             |                   |
| State aid                       | 61,762            |                  |   |                  |                             | 61,762            |
| Federal aid                     |                   |                  |   |                  | \$ 74,482                   | 74,482            |
| Property taxes                  | 16,160            |                  |   |                  |                             | 16,160            |
| Fines, forfeitures, and costs   |                   | 715              | 115   | 835              |                             | 1,665             |
| Interest                        | 144               | 2                | 5   | 5                |                             | 156               |
| Transfers in                    |                   | 5,000            |   |                  |                             | 5,000             |
| Total Receipts                  | <u>78,066</u>     | <u>5,717</u>     | <u>120</u>                                    | <u>840</u>       | <u>74,482</u>               | <u>159,225</u>    |
| Disbursements:                  |                   |                  |   |                  |                             |                   |
| Law enforcement                 |                   | 3,298            | 16,286  |                  |                             | 19,584            |
| Highways and streets            | 31,354            |                  |   |                  |                             | 31,354            |
| Total Disbursements             | <u>31,354</u>     | <u>3,298</u>     | <u>16,286</u>                                 |                  |                             | <u>50,938</u>     |
| Cash Balance, December 31, 2021 | <u>\$ 311,197</u> | <u>\$ 2,759</u>  | <u>\$ 3,542</u>                               | <u>\$ 10,312</u> | <u>\$ 74,482</u>            | <u>\$ 402,292</u> |

CITY OF LAKEVIEW, ARKANSAS  
OTHER INFORMATION  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(UNAUDITED)

Schedule 5

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

2. The cash balances at year-end in the custodial fund are as follows:

|                | December 31,<br>2022 | December 31,<br>2021 |
|----------------|----------------------|----------------------|
| District Court | \$ 5,110             | \$ 9,603             |

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

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

|           | December 31,<br>2022 | December 31,<br>2021 |
|-----------|----------------------|----------------------|
| Land      | \$ 160,231           | \$ 160,231           |
| Buildings | 402,635              | 402,635              |
| Equipment | 327,701              | 322,740              |
| Totals    | <u>\$ 890,567</u>    | <u>\$ 885,606</u>    |

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

|                                 | December 31,<br>2022 | December 31,<br>2021 |
|---------------------------------|----------------------|----------------------|
| American Rescue Plan Act (ARPA) | <u>\$ 74,481</u>     | <u>\$ 74,482</u>     |