City of Mineral Springs, Arkansas

Financial and Compliance Report

December 31, 2025

LEGISLATIVE JOINT AUDITING COMMITTEE

CITY OF MINERAL SPRINGS, ARKANSAS
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LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Mineral Springs, 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 Mineral Springs, Arkansas, as of and for the year ended December 31, 2025, and have issued our report thereon dated June 25, 2026. 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 2025:

Mayor: Bobby Tullis
Recorder/Treasurer: Chrishauna Harris (appointed December 8, 2025)
Denise Juniel (resigned November 5, 2025)
Financial Secretary: Stephanie Harrison (appointed November 13, 2025)
Police Chief: Francisco Mercado

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 the **Mayor** and **Recorder/Treasurer**.

Mayor and Recorder/Treasurer

For the period January 1, 2023 through December 31, 2025, we noted questionable transactions totaling $263,719 related to the Recorder/Treasurer, as detailed below.

Improper Credit Card Transactions

Our review of credit card transactions totaling $190,855, made by the Recorder/Treasurer, revealed improper transactions totaling $174,309:

- $92,040 for online gambling.
- $36,946 for personal purchases, which included groceries, home items, clothing, streaming services, fuel, online shopping, and "buy now, pay later" charges.
- $25,888 without proper documentation; therefore, the validity of these expenses could not be determined.
- $7,540 for expenses that appear to be for a legitimate business purpose but lacked supporting documentation. A similar finding was noted in the previous report.
- $6,832 for undocumented travel.
- $2,716 for fuel in personal vehicle.
- $2,347 in unallowable expenses.

It should be noted that five credit card statements were altered to reflect differing transactions, amounts purchased, and statement recaps.

Improper Non-Payroll Disbursements

Our review of non-payroll disbursements to the Recorder/Treasurer revealed improper payments totaling $55,931:

- $19,189 in undocumented travel reimbursements. A similar finding was noted in the previous report.
- $10,208 in duplicate reimbursements that were submitted twice for payment or paid from City funds and also submitted for reimbursement.
- $7,545 in labor payments that were not processed through payroll or authorized by resolution, in apparent conflict with Ark. Code Ann. § 14-42-107 and IRS guidelines.
- $6,797 in undocumented reimbursements for items that included a computer, Fall Festival expenses, Christmas sculptures, flowers, and mowing. Included in this amount is a $300 check issued to the Recorder/Treasurer that was endorsed, deposited, and subsequently altered to reflect a voided check for the audit records.
- $5,289 in reimbursements without a documented business purpose; without proper documentation, the validity of these expenses could not be determined.
- $2,775 for reimbursements for festival expenses, which were paid from park funds, according to the Recorder/Treasurer.
- $2,600 paid directly to the Recorder/Treasurer for services provided by a company she owns, in apparent conflict with Ark. Code Ann. § 14-42-107. Additionally, $5,771 was paid to a company for which the Recorder/Treasurer earned commission as a salesperson.
- $851 in reimbursements for personal items, which included Christmas items, food, clothing, and gift cards.
- $521 in travel reimbursements, in excess of supporting documentation.
- $156 paid for meals, drinks, and tips at a hotel by the Recorder/Treasurer, who was also reimbursed the per diem rate for this stay.

Improper Payroll Disbursements

Our review of payroll revealed improper disbursements to the Recorder/Treasurer totaling $33,479:

- $9,300 in loans to the Recorder/Treasurer, who was allowed to repay the City through subsequent payroll deductions, in conflict with Ark. Const. art. 12, § 5, which prohibits cities from loaning their credit to an individual. Of the total loan amount, $7,300 remained outstanding at December 31, 2025.
- $7,363 for additional pay related to the park that was not authorized through City ordinance, in apparent conflict with Ark. Code Ann. § 14-42-107.
- $5,009 in undocumented payments; without proper documentation, the validity of these payments could not be determined.
- $3,291 for vacation pay, in addition to salary paid on days off.
- $2,743 in additional compensation for conferences and meetings attended on normal workdays.
- $2,300 for the Park Director position, which the Recorder/Treasurer filled on a contract basis. Although the City Council approved this arrangement, the City did not enter into a written contract with the Recorder/Treasurer, according to the Mayor. According to the City's budget and the Mayor, approved pay for the Park Director was $200 per month; however, the Recorder/Treasurer was paid $1,100 in excess of the approved pay over a six-month period.
- $2,000 for attendance at special meetings, in excess of authorized amounts.
- $1,300 for community gatherings, festivals, and an employee Christmas party, in conflict with the "public purpose" doctrine and Ark. Const. art. 12, § 5, as interpreted by Op. Att'y Gen. no. 1991-410.
- $173 in garnishments paid on behalf of the Recorder/Treasurer, in excess of amounts garnished from her pay.

Recorder/Treasurer Denise Juniel, who resigned on November 5, 2025, was charged on November 17, 2025, with felony theft of property and tampering with a public record.

For the year ended December 31, 2025, the City made loans to employees totaling $11,350 and allowed employees to repay the City through subsequent payroll deductions, in conflict with Ark. Const. art. 12, § 5, which prohibits cities from loaning their credit to an individual. At December 31, 2025, outstanding loans to employees totaled $3,100. A similar finding was noted in the prior report.

Testing of non-payroll disbursements revealed the following:

- Of 25 disbursements tested, none were approved.
- $5,741, including a $250 bonus, was paid to the spouse of the Mayor Pro Tem for contract labor, without an authorizing ordinance or resolution in conflict with Ark. Code Ann. § 14-42-107.
- $998 was expended for seven pairs of men's boots, without a documented business purpose.

The Mayor was paid $2,170 in excess of his authorized salary, in apparent conflict with Ark. Code Ann. § 14-42-107. This amount was compensation for 62 days of around-the-clock monitoring of the City's well to maintain the City's water supply. Additionally, the Mayor was paid $300 for patrolling the City, without an authorizing resolution and outside of the payroll process. A similar finding was noted in the prior report.

From the above findings, we noted the following use of special revenue funds for unallowable and undocumented purchases:

- $34,896 from the Parks and Recreation Activity Fund.
- $26,282 from the Volunteer Fire Department Fund.
- $5,933 from the Street Fund in noncompliance with Ark. Code Ann. § 27-70-207.

Additionally, from the above findings we noted the following unallowable and undocumented purchases totaling $63,579 from Water and Sewer Funds:

- $43,217 in credit card disbursements.
- $13,112 in payments to the Recorder/Treasurer.
- $5,950 in payroll advances to employees.
- $1,300 in payroll advances to the Recorder/Treasurer.

It should be noted that procedures for the Water Department were outside the scope of our engagement.

Bank reconciliations were not approved by someone other than the preparer, as required by Ark. Code Ann. § 14-59-108.

Electronic disbursements were made without proper approval of the council (by ordinance) and without establishing written policies and procedures to ensure that the electronic funds payment system provides for internal accounting controls and documentation for audit and accounting purposes, as required by Ark. Code Ann. § 14-59-105. 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

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
June 25, 2026
LOM212925

CITY OF MINERAL SPRINGS, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds	Capital Projects - Heavy Equipment Savings
Cash Balance, January 1, 2025	$ 419,725	$ 182,112	$ 16,224
Receipts:			
State aid	16,121	109,815	
Property taxes	47,487	9,296	
Franchise fees	57,836		
Sales taxes	370,020		
Fines, forfeitures, and costs	8,366	399	
Interest	10,685	6,533	25
Local permits and fees	80		
Donations	15,000	10,599	
Sanitation fees		3,600	
Fire calls		22,731	
Fire dues		9,220	
Other	3,092	3,903	
Transfers in		2,500	6,000
Unclassified	9,638	863	
Total Receipts	538,325	179,459	6,025
Disbursements:			
General government	278,971		
Law enforcement	222,428		
Highways and streets		119,133	
Public safety	58,422	86,177	
Sanitation		35,988	
Recreation and culture	35,588	20,872	
Contribution to water and sewer	15,000		
Water and sewer	14,178		13,443
Transfers out	8,500		
Total Disbursements	633,087	262,170	13,443
Cash Balance, December 31, 2025	$ 324,963	$ 99,401	$ 8,806

Schedule 2

CITY OF MINERAL SPRINGS, ARKANSAS
COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

	Street	Criminal Justice	Fire Equipment and Training (Act 833)	Parks and Recreation Activity	Sanitation Savings	Volunteer Fire Department	Total
Cash Balance, January 1, 2025	$ 58,653	$ 591	$ 30,260	$ 5,668	$ 31,937	$ 55,003	$ 182,112
Receipts:							
State aid	91,683		18,132				109,815
Property taxes	9,296						9,296
Fines, forfeitures, and costs		399					399
Interest	1,639	22	543	2,862	473	994	6,533
Donations				10,299		300	10,599
Sanitation fees					3,600		3,600
Fire calls						22,731	22,731
Fire dues						9,220	9,220
Other				178		3,725	3,903
Transfers in				2,500			2,500
Unclassified	841			22			863
Total Receipts	103,459	421	18,675	15,861	4,073	36,970	179,459
Disbursements:							
Highways and streets	119,133						119,133
Public safety			34,257			51,920	86,177
Sanitation					35,988		35,988
Recreation and culture				20,122		750	20,872
Total Disbursements	119,133		34,257	20,122	35,988	52,670	262,170
Cash Balance, December 31, 2025	$ 42,979	$ 1,012	$ 14,678	$ 1,407	$ 22	$ 39,303	$ 99,401

CITY OF MINERAL SPRINGS, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

Schedule 3

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

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

	December 31, 2025
Land and Buildings	$ 341,900
Equipment	615,382
Total	$ 957,282

3. The outstanding balance at year-end for non-cancelable leases is as follows:

	December 31, 2025
Lease payable	$ 25,248