

City of Sparkman, Arkansas

Financial and Compliance Report

December 31, 2023, 2022, and 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF SPARKMAN, 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 Sparkman, 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 Sparkman, Arkansas, as of and for the years ended December 31, 2023, 2022, and 2021, and have issued our report thereon dated March 7, 2025. These procedures were not performed for the Water and Sewer. 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, 2022, and 2021:

Mayor: Bobby Story (2023)
Rickey Craig (term ended December 31, 2022)
Recorder/Treasurer: Rita Fite
District Court Clerk: Rita Fite
Police Chief: Vacant (January 3, 2023 through December 31, 2023)
Mitch Johnson (resigned January 3, 2023)

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

Mayor

In 2021, Street Fund disbursements exceeded appropriations by \$24,319 (67%), in noncompliance with Ark. Code Ann. § 14-58-203.

Recorder/Treasurer

Accounting procedures for municipalities are set forth in Ark. Code Ann. §§ 14-59-101 - 14-59-119. The City was in noncompliance with these codes and other proper accounting procedures as noted below:

- Revenues were not properly classified in the Fire and Rescue Fund in 2023.
- Cash receipts and disbursements journals were not provided for 2021.
- Monthly financial statements were not prepared and presented to the City Council on a monthly basis for 2023, 2022, and 2021.

The City's bank accounts were under collateralized by \$156,166 (38% of total deposits) on December 31, 2023, \$163,714 (40% of total deposits) on December 31, 2022, and \$124,418 (33% of total deposits) on December 31, 2021, in noncompliance with Ark. Code Ann. § 19-8-107.

District Court Clerk

The balances remaining in the bank on December 31, 2023 and 2022 of \$15,828 and \$8,878, respectively, were not identified with receipts for cases not yet adjudicated and payments made on all unpaid individual time accounts, in noncompliance with Ark. Code Ann. § 16-10-209. The ending cash balance exceeded the receipts identified by \$5,045 (32%) in 2023, and the ending cash balance was less than receipts identified by \$2,222 (25%) in 2022.

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 dark ink, appearing to read "Kevin White", with a stylized flourish at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
March 7, 2025
LOM217223

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

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2023	\$ 114,087	\$ 110,953
Receipts:		
State aid	5,398	43,458
Property taxes	8,684	4,345
Franchise fees	17,966	
Sales taxes	68,960	
Fines, forfeitures, and costs	33,116	2,404
Interest	261	
Local permits and fees		6,789
Donations		655
Other	2,203	628
Transfers in	557	8,986
Total Receipts	<u>137,145</u>	<u>67,265</u>
Disbursements:		
General government	114,989	6,931
Law enforcement	28,552	4,270
Highways and streets		23,901
Public safety		33,915
Recreation and culture		1,117
Contributions to water department		22,491
Debt service		6,600
Transfers out	7,651	1,892
Total Disbursements	<u>151,192</u>	<u>101,117</u>
Cash Balance, December 31, 2023	<u>\$ 100,040</u>	<u>\$ 77,101</u>

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

Schedule 2

	Street	Fire Protection Premium Tax (Act 833)	Fire and Rescue	Library	Parks and Recreation	Court Automation	Local Police and Fire Retirement (LOPFI)	Prisoner Care	American Rescue Plan Act	Total
Cash Balance, January 1, 2023	\$ 19,918	\$ 37,279	\$ 12,372	\$ 1,208	\$ 1,630	\$ 346	\$ 368	\$ 7,982	\$ 29,850	\$ 110,953
Receipts:										
State aid	29,947	13,511								43,458
Property taxes	3,303		1,042							4,345
Fines, forfeitures, and costs						2,404				2,404
Local permits and fees			6,789							6,789
Donations			500		155					655
Other	545		83							628
Transfers in							8,986			8,986
Total Receipts	<u>33,795</u>	<u>13,511</u>	<u>8,414</u>		<u>155</u>	<u>2,404</u>	<u>8,986</u>			<u>67,265</u>
Disbursements:										
General government									6,931	6,931
Law enforcement						2,193	232	1,845		4,270
Highways and streets	23,473								428	23,901
Public safety		19,804	5,818				8,293			33,915
Recreation and culture					1,117					1,117
Contributions to water department									22,491	22,491
Debt service	6,600									6,600
Transfers out			1,335				557			1,892
Total Disbursements	<u>30,073</u>	<u>19,804</u>	<u>7,153</u>		<u>1,117</u>	<u>2,193</u>	<u>9,082</u>	<u>1,845</u>	<u>29,850</u>	<u>101,117</u>
Cash Balance, December 31, 2023	<u>\$ 23,640</u>	<u>\$ 30,986</u>	<u>\$ 13,633</u>	<u>\$ 1,208</u>	<u>\$ 668</u>	<u>\$ 557</u>	<u>\$ 272</u>	<u>\$ 6,137</u>	<u>\$ 0</u>	<u>\$ 77,101</u>

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

Schedule 3

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2022	\$ 167,577	\$ 111,951
Receipts:		
State aid	10,678	41,311
Federal aid		38,846
Property taxes	8,341	4,143
Franchise fees	16,595	
Sales taxes	69,990	
Fines, forfeitures, and costs	46,863	2,648
Interest	104	
Local permits and fees		6,999
Reimbursements from water and sewer		2,144
Other	674	356
Transfers in		18,401
Total Receipts	<u>153,245</u>	<u>114,848</u>
Disbursements:		
General government	121,476	
Law enforcement	67,563	12,469
Highways and streets		65,124
Public safety		21,015
Contributions to water department		9,983
Debt service	550	6,000
Transfers out	17,146	1,255
Total Disbursements	<u>206,735</u>	<u>115,846</u>
Cash Balance, December 31, 2022	<u>\$ 114,087</u>	<u>\$ 110,953</u>

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

Schedule 4

	Street	Fire Protection Premium Tax (Act 833)	Fire and Rescue	Library	Parks and Recreation	Court Automation	Local Police and Fire Retirement (LOPFI)	Prisoner Care	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 23,003	\$ 29,758	\$ 15,351	\$ 1,208	\$ 1,630	\$ 172		\$ 7,982	\$ 32,847	\$ 111,951
Receipts:										
State aid	30,650	10,661								41,311
Federal aid									38,846	38,846
Property taxes	3,149		994							4,143
Fines, forfeitures, and costs						2,648				2,648
Local permits and fees			6,999							6,999
Reimbursements from water and sewer	2,144									2,144
Other	236	120								356
Transfers in							\$ 18,401			18,401
Total Receipts	<u>36,179</u>	<u>10,781</u>	<u>7,993</u>			<u>2,648</u>	<u>18,401</u>		<u>38,846</u>	<u>114,848</u>
Disbursements:										
Law enforcement						2,474	9,995			12,469
Highways and streets	33,264								31,860	65,124
Public safety		3,260	9,717				8,038			21,015
Contributions to water department									9,983	9,983
Debt service	6,000									6,000
Transfers out			1,255							1,255
Total Disbursements	<u>39,264</u>	<u>3,260</u>	<u>10,972</u>			<u>2,474</u>	<u>18,033</u>		<u>41,843</u>	<u>115,846</u>
Cash Balance, December 31, 2022	<u>\$ 19,918</u>	<u>\$ 37,279</u>	<u>\$ 12,372</u>	<u>\$ 1,208</u>	<u>\$ 1,630</u>	<u>\$ 346</u>	<u>\$ 368</u>	<u>\$ 7,982</u>	<u>\$ 29,850</u>	<u>\$ 110,953</u>

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

Schedule 5

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2021	\$ 189,879	\$ 82,285
Receipts:		
State aid	6,737	41,927
Federal aid		38,847
Property taxes	7,644	3,824
Franchise fees	16,118	
Sales taxes	61,494	
Fines, forfeitures, and costs	70,725	3,608
Interest	130	
Local permits and fees		7,084
Reimbursements from water and sewer		3,775
Other		1,756
Transfers in		29,324
Unclassified	35,133	
Total Receipts	197,981	130,145
Disbursements:		
General government	100,226	1,500
Law enforcement	73,888	14,166
Highways and streets		55,519
Public safety		20,589
Recreation and culture		156
Contribution to water department	5,307	3,000
Debt service		4,900
Transfers out	28,675	649
Unclassified	12,187	
Total Disbursements	220,283	100,479
Cash Balance, December 31, 2021	\$ 167,577	\$ 111,951

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

Schedule 6

	Street	Fire Protection Premium Tax (Act 833)	Fire and Rescue	Library	Parks and Recreation	Court Automation	Local Police and Fire Retirement (LOPFI)	Prisoner Care	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 29,895	\$ 26,346	\$ 14,950	\$ 1,208	\$ 1,786	\$ 118		\$ 7,982		\$ 82,285
Receipts:										
State aid	33,752	8,175								41,927
Federal aid									\$ 38,847	38,847
Property taxes	2,907		917							3,824
Fines, forfeitures, and costs						3,608				3,608
Local permits and fees			7,084							7,084
Reimbursements from water and sewer	3,775									3,775
Other	1,293	463								1,756
Transfers in	11,800		1,380				\$ 16,144			29,324
Total Receipts	<u>53,527</u>	<u>8,638</u>	<u>9,381</u>			<u>3,608</u>	<u>16,144</u>		<u>38,847</u>	<u>130,145</u>
Disbursements:										
General government									1,500	1,500
Law enforcement						3,554	9,112		1,500	14,166
Highways and streets	55,519									55,519
Public safety		5,226	8,331				7,032			20,589
Recreation and culture					156					156
Contribution to water department									3,000	3,000
Debt service	4,900									4,900
Transfers out			649							649
Total Disbursements	<u>60,419</u>	<u>5,226</u>	<u>8,980</u>		<u>156</u>	<u>3,554</u>	<u>16,144</u>		<u>6,000</u>	<u>100,479</u>
Cash Balance, December 31, 2021	<u>\$ 23,003</u>	<u>\$ 29,758</u>	<u>\$ 15,351</u>	<u>\$ 1,208</u>	<u>\$ 1,630</u>	<u>\$ 172</u>	<u>\$ 0</u>	<u>\$ 7,982</u>	<u>\$ 32,847</u>	<u>\$ 111,951</u>

CITY OF SPARKMAN, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021
(UNAUDITED)

Schedule 7

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 and Police

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

	December 31, 2023	December 31, 2022	December 31, 2021
Police Bond and Fine Administration of Justice	\$ 15,827 15	\$ 8,878	\$ 7,422

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	December 31, 2022	December 31, 2021
Land	\$ 32,250	\$ 32,250	\$ 32,250
Buildings	260,594	260,594	260,594
Equipment	321,725	313,594	317,797
Totals	<u>\$ 614,569</u>	<u>\$ 606,438</u>	<u>\$ 610,641</u>

5. Outstanding balances at year-end for long-term liabilities are as follows:

	December 31, 2023	December 31, 2022	December 31, 2021
Financed purchases	<u>\$ 2,046</u>	<u>\$ 8,459</u>	<u>\$ 14,623</u>

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

	December 31, 2022	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 38,846</u>	<u>\$ 38,847</u>