

City of Cotton Plant, Arkansas

Financial and Compliance Report

December 31, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF COTTON PLANT, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2024

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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 Cotton Plant, 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 Cotton Plant, Arkansas, as of and for the year ended December 31, 2024, and have issued our report thereon dated March 12, 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 2024:

Mayor: Clara Harston-Brown
Recorder: JoAnn Veazey
Treasurer: Vacant
Police Chief: Willie Frazier

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** and **Police Chief**.

Mayor

Accounting procedures for municipalities are set forth in Ark. Code Ann. §§ 14-59-101 - 14-59-119. The City was not in compliance with these codes and other accounting procedures as follows:

- A fixed asset listing, including additions and deletions, amounts, acquisition dates and identification numbers for equipment, was not provided for review. A similar finding was noted in the previous ten reports dating back to 2011.
- The General Fund bank statement was not properly reconciled. A similar finding was noted in the previous report.
- The cash disbursements journals for the General and Street Funds were not properly classified or posted. A similar finding was noted in the previous report.

Per review of payroll records, the City has unpaid federal and state taxes due totaling \$211,398 for taxes, penalties and interest for prior periods dating between 2015 and 2023. A similar finding was noted in the previous seven reports dating back to 2014.

Although Schedule 1 of this report shows a balance of \$26,881, it was brought to our attention that as of December 31, 2024, the General Fund owed a significant amount for balances due to the Internal Revenue Service and the Department of Finance and Administration. As shown in Note 6 on Schedule 3, when these outstanding amounts were considered, the General Fund had a deficit fund balance of \$184,517. A similar finding was noted in the previous two reports.

Police Chief

The police department copies of the traffic citations, as well as all citation books, were not made available for inspection, as required by Ark. Code Ann. § 16-10-205. Therefore, we were unable to determine if all citations were properly issued and placed on a court docket. A similar finding was noted in the previous year.

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

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
March 12, 2026
LOM203724

CITY OF COTTON PLANT, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2024	\$ 11,139	\$ 16,910
Receipts:		
State aid	527	58,226
Property taxes	13,226	3,726
Franchise fees	23,432	
Sales taxes	102,649	
Fines, forfeitures, and costs	21,323	
Local permits and fees	140	950
Rent	19,950	
Donations	7,740	2,225
Sanitation fees	51,710	
Medical marijuana profit distribution	246,705	
Other	496	521
Total Receipts	487,898	65,648
Disbursements:		
General government	185,386	127
Law enforcement	80,844	
Highways and streets	13,473	49,124
Public safety	12,116	11,689
Sanitation	53,821	
Health	1,500	
Recreation and culture	6,046	3,686
Social services	15,044	
Debt service	7,356	
Unclassified contribution to payroll account	92,474	
Contributions to water and sewer	4,096	
Total Disbursements	472,156	64,626
Cash Balance, December 31, 2024	\$ 26,881	\$ 17,932

CITY OF COTTON PLANT, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2024
 (UNAUDITED)

Schedule 2

	<u>Street</u>	<u>Act 833 Fire Equipment and Training</u>	<u>Special Events</u>	<u>Library City Hall Grant</u>	<u>Fire Operating</u>	<u>American Rescue Plan Act</u>	<u>Total</u>
Cash Balance, January 1, 2024	\$ 1,980	\$ 13,494	\$ 266	\$ 430	\$ 458	\$ 282	\$ 16,910
Receipts:							
State aid	43,500	14,726					58,226
Property taxes	3,726						3,726
Local permits and fees			950				950
Donations			2,225				2,225
Other	196		300		25		521
Total Receipts	<u>47,422</u>	<u>14,726</u>	<u>3,475</u>		<u>25</u>		<u>65,648</u>
Disbursements:							
General government				40		87	127
Highways and streets	49,124						49,124
Public safety		11,439			250		11,689
Recreation and culture			3,686				3,686
Total Disbursements	<u>49,124</u>	<u>11,439</u>	<u>3,686</u>	<u>40</u>	<u>250</u>	<u>87</u>	<u>64,626</u>
Cash Balance, December 31, 2024	<u>\$ 278</u>	<u>\$ 16,781</u>	<u>\$ 55</u>	<u>\$ 390</u>	<u>\$ 233</u>	<u>\$ 195</u>	<u>\$ 17,932</u>

CITY OF COTTON PLANT, ARKANSAS
 OTHER INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2024
 (UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand accounts.
2. The General Fund column on the Financial Schedules includes the following bank accounts:
 General, Beautification, Food Pantry, Administration of Justice, Bold Team, and Sanitation.

3. The cash balance at year-end in the custodial fund is as follows:

	December 31, 2024
Payroll	\$ 4,404

This balance represents excess transfers for payroll salaries remitted from other City funds.

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

	December 31, 2024
Buildings	<u>\$ 1,183,884</u>

The Municipality's capital assets records did not contain cost amounts for equipment.

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

	December 31, 2024
Financed purchases	<u>\$ 33,108</u>

CITY OF COTTON PLANT, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Schedule 3

6. Deficit Balance

The schedules included on our Financial and Compliance Reports are typically cash basis. We are including additional information here, as it was brought to our attention that the City of Cotton Plant has significant balances due to the Internal Revenue Service (IRS) and Department of Finance and Administration (DFA) at December 31, 2024. The information below begins with the cash balance per Schedule 1 of this report for the General Fund. The computation includes changes to the cash balance for the outstanding amount owed at year end.

Balance as of December 31, 2024	<u>General Fund</u>
Cash balance per accountant's report	\$ 26,881
Due to DFA	(2,401)
Due to IRS	<u>(208,997)</u>
Restated balance as of December 31, 2024	<u>\$ (184,517)</u>