City of Cotton Plant, Arkansas

Financial and Compliance Report

December 31, 2025

LEGISLATIVE JOINT AUDITING COMMITTEE

CITY OF COTTON PLANT, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2025

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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, 2025, and have issued our report thereon dated July 13, 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: Clara Harston - Brown
Recorder: JoAnn Veazey
Treasurer: Vacant
Police Chief: Jacques Shelley (appointed November 11, 2025)
Willie Frazier (resigned November 8, 2025)

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 **Mayor**.

Mayor

1. Per review of payroll records, the city has unpaid federal taxes due totaling $364,360 for taxes, penalties, and interest for prior periods dating between 2015 and 2023. Additionally, tax payments for the current year were not remitted timely, which will likely result in additional penalties and interest. A similar finding was noted in the previous eight reports dating back to 2014.

2. Although Schedule 1 of this report shows a balance of $19,993, it was brought to our attention that as of December 31, 2025, the General Fund owed a significant amount for balances due to the Internal Revenue Service. As shown in Note 6 on Schedule 3, when these outstanding amounts were considered, the General Fund had a deficit fund balance of $344,367. A similar finding was noted in the previous three reports dating back to 2022.

3. The cash disbursements journals for the General and Street Funds were not properly classified or posted, as required by Ark. Code Ann. § 14-59-111. A similar finding was noted in the previous two reports dating back to 2023.

4. The governing body did not review the prior year's report and accompanying comments at the first regularly scheduled meeting following receipt of the report, as required by Ark. Code Ann. § 10-4-418.

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
July 13, 2026
LOM203725

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

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2025	$ 26,881	$ 17,932
Receipts:		
State aid	3,129	61,854
Property taxes	13,778	4,045
Franchise fees	23,175	
Sales taxes	111,787	
Fines, forfeitures, and costs	8,361	
Local permits and fees	795	
Sanitation fees	52,579	
Medical marijuana profit distribution	261,817	
Rent	18,000	
Donations	10,970	
Other		110
Transfers in	678	16,042
Total Receipts	505,069	82,051
Disbursements:		
General government	148,555	195
Law enforcement	92,690	
Highways and streets	30,927	52,414
Public safety	17,526	8,152
Sanitation	53,485	
Recreation and culture	6,507	
Social services	14,988	
Contribution to water department	38,390	
Debt service	10,554	
Transfers out	16,042	678
Unclassified contribution to payroll account	82,293	
Total Disbursements	511,957	61,439
Cash Balance, December 31, 2025	$ 19,993	$ 38,544

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

Schedule 2

	Street	Act 833 Fire Equipment and Training	Special Events	Library City Hall Grant	Fire Operating	American Rescue Plan Act	Total
Cash Balance, January 1, 2025	$ 278	$ 16,781	$ 55	$ 390	$ 233	$ 195	$ 17,932
Receipts:							
State aid	44,700	17,154					61,854
Property taxes	4,045						4,045
Other	110						110
Transfers in	16,042						16,042
Total Receipts	64,897	17,154					82,051
Disbursements:							
General government						195	195
Highways and streets	52,414						52,414
Public safety		8,152					8,152
Transfers out			55	390	233		678
Total Disbursements	52,414	8,152	55	390	233	195	61,439
Cash Balance, December 31, 2025	$ 12,761	$ 25,783	$ 0	$ 0	$ 0	$ 0	$ 38,544

CITY OF COTTON PLANT, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2025
(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 follow:

	December 31, 2025
Payroll	$ 4,914

This balance represents payroll taxes that have not been transferred to the appropriate entities.

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

	December 31, 2025
Land and buildings	$ 1,388,924
Equipment	316,000
Total	$ 1,704,924

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

	December 31, 2025
Financed purchases	$ 23,935

CITY OF COTTON PLANT, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2025
(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) at December 31, 2025. 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, 2025	General Fund	
Cash balance per accountant's report	$ 19,993	
Due to IRS	364,360	*
Restated balance as of December 31, 2025	$ (344,367)	

*From IRS transcripts dated March 6, 2026.