

City of Strong, Arkansas

Financial and Compliance Report

December 31, 2023 and 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF STRONG, ARKANSAS
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FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Financial and Compliance Report

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Arkansas

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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Strong, 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 Strong, Arkansas, as of and for the years ended December 31, 2023 and 2022, and have issued our report thereon dated January 21, 2026. These procedures were not performed for the Water and Sewer System. 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 relates to the following officials who held office during 2023 and 2022:

Mayor: Daryell Howell
Recorder/Treasurer: Latosha Gaston

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. Receipts, primarily from the sale of garbage bags, totaling \$11,878 were not deposited from January 1, 2022 through October 31, 2025. Due to multiple employees having access to the funds and lack of proper controls, we were unable to determine the custodian of undeposited funds.
2. The City utilized solid waste funds to pay monthly dumpster rental fees on behalf of five private businesses, in apparent conflict with Ark. Const. art. 12, § 5, which states in part, " No county, city, town or other municipal corporation, shall... loan its credit to any corporation, association, institution, or individual." Additionally, the City bills these businesses through the water department; however, it does not appear that the Water Department transfers the payments received to the solid waste fund. A similar finding was noted in the previous report.
3. The City made the following payments totaling \$2,623, in apparent conflict with Ark. Const. art 12, § 5, as interpreted by Op. Att'y Gen. no. 91-410:
 - \$2,123 in food and related purchases that did not have a business purpose.
 - \$500 donation to the Gardner Alumni Association.

A similar finding was noted in the previous report.

4. The City was in noncompliance with accounting procedures for municipalities set forth in state laws: Ark. Code Ann. §§ 14-59-101 -14-59-119 and other proper accounting procedures as follows:
 - Bank reconciliations contained errors and were not approved by someone other than the preparer.
 - Prenumbered receipts were not issued for all funds received, issued sequentially or timely, properly completed, or indicated on the deposit slip.
 - Cash receipts were not always properly posted and classified in the journal.
 - Adequate supporting documentation was not maintained for all disbursements.
 - A listing of fixed assets was established; however, it did not include all additions and deletions, and control totals contained errors.

A similar finding was noted in the previous report.

5. Payroll taxes were not always paid to the Internal Revenue Service (IRS) by the due dates. This resulted in penalties and interest of \$508 paid to the IRS. In addition, \$2,704 in penalties and interest, related to 2020 and 2019 payroll tax deposits, were paid to the IRS in 2022. A similar finding was noted in the previous report.

Mayor (Continued)

6. Various restricted funds were deposited into the wrong bank accounts. Although Schedules 1 and 3 show cash balances of \$158,259 and \$65,164 in the General Fund for 2023 and 2022, respectively, the General Fund owed the Solid Waste Fund \$168,724 and \$157,390 as of December 31 of the same years. As shown in Note 5 on Schedule 5, when the outstanding amounts were considered, the General Fund had a deficit fund balance of \$10,465 and \$92,226 as of December 31, 2023 and 2022, respectively. Additionally, \$3,604 was due to the Street Fund from the Solid Waste Fund. Subsequent to the report date, the amount due to the Street Fund was repaid. A similar finding was noted in the previous report.
7. Street Fund expenditures exceeded appropriations in 2022 by \$50,000 (71%), in noncompliance with Ark. Code Ann. § 14-58-203. A similar finding was noted in the previous report.
8. The governing body did not review the prior report and accompanying comments at the first regularly scheduled meeting following the receipt of the report, in noncompliance with Ark. Code Ann. § 10-4-418. A similar finding was noted in the previous 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
January 21, 2026
LOM217723

CITY OF STRONG, 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	\$ 65,164	\$ 624,241
Receipts:		
State aid	22,270	106,633
Property taxes	47,489	6,563
Franchise fees	22,524	
Sales taxes	253,099	120,788
Fines, forfeitures, and costs	2,112	
Interest	125	656
Local permits and fees	192	
Rental income	14,220	
Contribution from water department	33	
Solar project grant	100,000	
Other	11,254	8,876
Transfers in		69,097
Total Receipts	<u>473,318</u>	<u>312,613</u>
Disbursements:		
General government	233,925	21,043
Highways and streets	1,161	105,914
Public safety	3,536	3,336
Sanitation	4,032	68,796
Contribution to water department	68,472	
Transfers out	69,097	
Total Disbursements	<u>380,223</u>	<u>199,089</u>
Cash Balance, December 31, 2023	<u>\$ 158,259</u>	<u>\$ 737,765</u>

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

Schedule 2

	Street	Local Police and Fire Retirement (LOPFI)	Solid Waste	Fire Department (Act 833)	American Rescue Plan Act	Total
Cash Balance, January 1, 2023	\$ 185,472	\$ 12,867	\$ 354,883	\$ 16,748	\$ 54,271	\$ 624,241
Receipts:						
State aid	34,586			72,047		106,633
Property taxes	3,383	2,576	604			6,563
Sales taxes			120,788			120,788
Interest	288	16	335	17		656
Other	180		8,045	651		8,876
Transfers in	68,708	389				69,097
Total Receipts	<u>107,145</u>	<u>2,981</u>	<u>129,772</u>	<u>72,715</u>		<u>312,613</u>
Disbursements:						
General government			3,043		18,000	21,043
Highways and streets	69,643				36,271	105,914
Public safety				3,336		3,336
Sanitation			68,796			68,796
Total Disbursements	<u>69,643</u>		<u>71,839</u>	<u>3,336</u>	<u>54,271</u>	<u>199,089</u>
Cash Balance, December 31, 2023	<u>\$ 222,974</u>	<u>\$ 15,848</u>	<u>\$ 412,816</u>	<u>\$ 86,127</u>	<u>\$ 0</u>	<u>\$ 737,765</u>

CITY OF STRONG, 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	\$ 93,759	\$ 580,044
Receipts:		
State aid	6,117	35,398
Federal aid		52,209
Property taxes	13,513	3,159
Franchise fees	21,130	
Sales taxes	262,949	107,107
Fines, forfeitures, and costs	3,108	
Interest	181	702
Local permits and fees	793	
Rental income	10,675	
Contribution from water department	1,600	
Other	6,865	2,820
Transfers in		69,152
Total Receipts	<u>326,931</u>	<u>270,547</u>
Disbursements:		
General government	209,399	33,552
Highways and streets		119,564
Public safety	4,639	7,660
Sanitation	4,032	64,680
Contribution to water department	68,304	
Transfers out	69,152	
Unclassified		894
Total Disbursements	<u>355,526</u>	<u>226,350</u>
Cash Balance, December 31, 2022	<u>\$ 65,164</u>	<u>\$ 624,241</u>

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

Schedule 4

	Street	Local Police and Fire Retirement (LOPFI)	Solid Waste	Fire Department (Act 833)	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 195,958	\$ 12,007	\$ 312,078	\$ 24,387	\$ 35,614	\$ 580,044
Receipts:						
State aid	35,398					35,398
Federal aid					52,209	52,209
Property taxes	3,159					3,159
Sales taxes			107,107			107,107
Interest	351	12	318	21		702
Other	2,760		60			2,820
Transfers in	68,304	848				69,152
Total Receipts	<u>109,972</u>	<u>860</u>	<u>107,485</u>	<u>21</u>	<u>52,209</u>	<u>270,547</u>
Disbursements:						
General government					33,552	33,552
Highways and streets	119,564					119,564
Public safety				7,660		7,660
Sanitation			64,680			64,680
Unclassified	894					894
Total Disbursements	<u>120,458</u>		<u>64,680</u>	<u>7,660</u>	<u>33,552</u>	<u>226,350</u>
Cash Balance, December 31, 2022	<u>\$ 185,472</u>	<u>\$ 12,867</u>	<u>\$ 354,883</u>	<u>\$ 16,748</u>	<u>\$ 54,271</u>	<u>\$ 624,241</u>

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

Schedule 5

1. Cash balances on the Financial Schedules include demand and savings accounts and certificates of deposit.
2. The General Fund column on the Financial Schedules includes the following bank accounts:
General, General Savings, General Money Market and Park Project
3. The Municipality's capital assets records are summarized below:

	December 31, 2023	December 31, 2022
Land	\$ 46,447	\$ 46,447
Buildings	452,406	452,406
Equipment	591,684	591,684
Totals	\$ 1,090,537	\$ 1,090,537

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

	December 31, 2022
American Rescue Plan Act (ARPA)	\$ 52,209

5. Deficit Balances

The schedules included on our Financial and Compliance Reports are typically cash basis. We are including additional information here, as it came to our attention in prior reports, that various restricted funds were deposited into wrong bank accounts. The information below begins with the cash balances per Schedules 1 through 4 of this report. The computation includes increases and decreases to cash balances for amounts due to and due from funds within the City.

	December 31, 2023			December 31, 2022		
	General	Street	Solid Waste	General	Street	Solid Waste
Cash balances per Schedules	\$ 158,259	\$ 222,974	\$ 412,816	\$ 65,164	\$ 185,472	\$ 354,883
Due to other funds	(168,724)		(3,604)	(157,390)		(3,000)
Due from other funds		3,604	168,724		3,000	157,390
Restated cash balances	\$ (10,465)	# \$ 226,578	\$ 577,936	\$ (92,226)	\$ 188,472	\$ 509,273