

# **City of Hermitage, Arkansas**

## **Financial and Compliance Report**

**December 31, 2022**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF HERMITAGE, ARKANSAS  
TABLE OF CONTENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022

Financial and Compliance Report

	<u>Schedule</u>
Schedule of Financial Information (Unaudited)	1
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	2
Other Information (Unaudited)	3

# Arkansas

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**Sen. John Payton**  
Senate Vice Chair



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House Chair  
**Rep. Richard Womack**  
House Vice Chair

**Roger A. Norman, JD, CPA, CFE, CFF**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Financial and Compliance Report

City of Hermitage, 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 Hermitage, Arkansas, as of and for the year ended December 31, 2022, and have issued our report thereon dated September 28, 2023. These procedures were not performed for the Water and Sewer Department. 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 2022:

Mayor: Tonya Kendrix  
Recorder: Karla Ramos (January 1, 2022 – August 1, 2022)  
Angela Dawson (August 2, 2022 – August 28, 2022),  
Lauren Knight Spurlock (August 29, 2022 – December 31, 2022)  
Treasurer: Angela Dawson (January 1, 2022 – August 31, 2022)  
Tammy York (September 1, 2022 – December 31, 2022)  
Police Chief: Ben Poole

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 **Treasurer**.

### Mayor and Treasurer

Disbursement deficiencies were noted as follows:

- Adequate supporting documentation was not maintained for tested disbursements of \$25,127 (47%), in noncompliance with Ark. Code Ann. § 14-59-105.
- Credit card charges for late fees and interest were paid by the city.

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

Roger A. Norman, JD, CPA, CFE, CFF  
Legislative Auditor

Little Rock, Arkansas  
September 28, 2023  
LOM223022

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

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2022	\$ 72,569	\$ 249,100
Receipts:		
State aid	18,540	53,926
Federal aid		79,867
Property taxes	19,792	5,953
Franchise fees	31,045	511
Sales taxes	265,370	
Fines, forfeitures, and costs	6,549	
Interest		18
Local permits and fees	1,725	
Sanitation fees	13,714	
Insurance proceeds	27,300	
Water and sewer	6,689	
Other	29,845	600
Transfers in		1,000
Unclassified	29,801	
Total Receipts	<u>450,370</u>	<u>141,875</u>
Disbursements:		
General government	165,746	
Law enforcement	134,686	
Highways and streets		59,993
Public safety	13,331	10,697
Sanitation	95,392	
Recreation and culture	8,080	591
Contributions to water	435	
Debt service	4,712	
Transfers out	1,000	
Unclassified	709	
Total Disbursements	<u>424,091</u>	<u>71,281</u>
Cash Balance, December 31, 2022	<u>\$ 98,848</u>	<u>\$ 319,694</u>

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

Schedule 2

	Street	Fire Equipment and Training Act 833	Police Reserve	Spirit of Christmas	Facilities Grant	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 149,370	\$ 8,711	\$ 773	\$ 2,817	\$ 7,560	\$ 79,869	\$ 249,100
Receipts:							
State aid	45,327	8,599					53,926
Federal aid						79,867	79,867
Property taxes	5,953						5,953
Franchise fees	511						511
Interest	18						18
Other				600			600
Transfers in			1,000				1,000
Total Receipts	<u>51,809</u>	<u>8,599</u>	<u>1,000</u>	<u>600</u>		<u>79,867</u>	<u>141,875</u>
Disbursements:							
Highways and streets	59,993						59,993
Public safety		10,697					10,697
Recreation and culture				591			591
Total Disbursements	<u>59,993</u>	<u>10,697</u>		<u>591</u>			<u>71,281</u>
Cash Balance, December 31, 2022	<u>\$ 141,186</u>	<u>\$ 6,613</u>	<u>\$ 1,773</u>	<u>\$ 2,826</u>	<u>\$ 7,560</u>	<u>\$ 159,736</u>	<u>\$ 319,694</u>

CITY OF HERMITAGE, ARKANSAS  
OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)

Schedule 3

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

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

	December 31, 2022
Police Bond and Fine	\$ 2,060
Payroll	3,919
Entergy Payments	(637)

These balances represent fines, forfeitures, and costs, payroll taxes, and Entergy payments that have not been transferred to the appropriate entities.

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

	December 31, 2022
Land	\$ 52,800
Buildings	765,066
Equipment	260,309
Total	<u>\$ 1,078,175</u>

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

	December 31, 2022
Financed purchases	<u>\$ 10,985</u>

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

	December 31, 2022
American Rescue Plan Act (ARPA)	<u>\$ 79,867</u>