

Town of Lead Hill, Arkansas

Financial and Compliance Report

December 31, 2024, 2023, and 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF LEAD HILL, ARKANSAS
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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

Town of Lead Hill, 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 Town of Lead Hill, Arkansas, as of and for the years ended December 31, 2024, 2023, and 2022, and have issued our report thereon dated May 5, 2026. These procedures were not performed for the Water and Sewer Department. Management of the Town 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, 2023, and 2022:

Mayor: Cale Thompson
Recorder/Treasurer: Katherine Frantz
Police Chief: Patrick Hirsh (hired December 2024)
Chris Patrick (resigned June 2024)

We evaluated the Town'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 Police Chief.**

Mayor

An audit or agreed-upon procedures and compilation report was not obtained for the Water and Sewer Department, as required by Ark. Code Ann. § 14-234-119. A similar finding was noted in the previous two reports dating back to 2017.

In 2024 and 2023, budgets were not adopted, as required by Ark. Code Ann. § 14-58-202. In 2022, Council minutes indicated a budget was adopted, however, a copy of the budget could not be provided. As a result, authorization for salaries and wages could not be determined.

The Town entered into a six-year financing agreement for the purchase of a new truck, in conflict with Ark. Const. amend. 78 § 2, which requires short-term financing obligations to mature over a period of, or have a term, not to exceed five years.

Recorder/Treasurer

A review of disbursements revealed that supporting documentation was not maintained for the following disbursements, in noncompliance with Ark. Code Ann. § 14-59-105:

- \$1,884, \$964, and \$1,248 disbursed in 2024, 2023, and 2022 respectively. Due to lack of documentation, the validity and propriety of these disbursements could not be determined.
- \$732, \$987, and \$843 disbursed in 2024, 2023, and 2022 respectively, to vendors that appear to be for a legitimate business purpose; however, supporting documentation was not available.

A similar finding was noted in the last five reports dating back to 2009.

Recorder/Treasurer (Continued)

Accounting procedures for municipalities are set forth in the Municipal Accounting Law, Ark. Code Ann. §§ 14-59-101 – 14-59-119. The Town was in noncompliance with these codes as noted below:

- A detailed fixed asset listing was not maintained to include additions, deletions, and a control total. A similar finding was noted in the previous five reports dating back to 2009.
- All disbursements of municipal funds were not made with prenumbered checks, and electronic disbursements were made without an established electronic funds transfer policy approved by Ordinance. A similar finding was noted in the previous report.
- Cash receipts and disbursements journals were not properly maintained to include all activity, were not properly balanced and totaled monthly, and were not reconciled monthly to bank activity. A similar finding was noted in the previous report.
- Prenumbered receipts were not issued for all items of income. A similar finding was noted in the previous two reports dating back to 2017.
- Bank reconciliations were not properly prepared for all bank accounts or approved by a municipal official or employee other than the person preparing the reconciliation. A similar finding was noted in the previous two reports dating back to 2017.
- An annual publication of financial statements was not prepared and posted. A similar finding was noted in the previous report.

Police Chief

The following issues were noted with Ark. Code Ann. § 16-10-205:

- A list of all uniform written citation books and the corresponding range of citations in each book was not maintained.
- Completed citation books were not always filed with the Court Clerk or made available for accountant inspection.

Therefore, we were unable to determine an accurate population of citations issued or whether citations were properly placed on a court docket. 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 Town 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
May 5, 2026
LOM309524

TOWN OF LEAD HILL, ARKANSAS
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2024
 (UNAUDITED)

Schedule 1

	General Fund	Special Revenue Fund (Street)
Cash Balance, January 1, 2024	\$ 126,942	\$ 58,707
Receipts:		
State aid	4,075	22,531
Sales taxes	167,647	
Interest	94	64
Unclassified	56,188	98
Total Receipts	228,004	22,693
Disbursements:		
Highways and streets		6,192
Debt service	8,431	7,638
Unclassified	257,893	
Total Disbursements	266,324	13,830
Cash Balance, December 31, 2024	\$ 88,622	\$ 67,570

TOWN OF LEAD HILL, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Schedule 2

	General Fund	Special Revenue Fund (Street)	Capital Projects Fund (Fire Grant)
Cash Balance, January 1, 2023	\$ 117,886	\$ 44,368	
Receipts:			
State aid	4,166	23,114	
Federal aid			\$ 75,000
Sales taxes	195,375		
Interest	229	53	
Transfers in			50
Unclassified	75,773		
Total Receipts	<u>275,543</u>	<u>23,167</u>	<u>75,050</u>
Disbursements:			
Highways and streets		4,167	
Public safety			75,000
Contribution to water department			50
Debt service	10,283	4,113	
Transfers out	50		
Unclassified	256,154	548	
Total Disbursements	<u>266,487</u>	<u>8,828</u>	<u>75,050</u>
Cash Balance, December 31, 2023	<u>\$ 126,942</u>	<u>\$ 58,707</u>	<u>\$ 0</u>

TOWN OF LEAD HILL, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Schedule 3

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2022	\$ 34,344	\$ 62,644
Receipts:		
State aid	4,087	23,656
Federal aid		27,451
Sales taxes	169,662	
Interest	849	37
Unclassified	114,447	
Total Receipts	289,045	51,144
Disbursements:		
Law enforcement		23,792
Highways and streets		14,517
Contribution to water department		31,111
Debt service	17,829	
Unclassified	187,674	
Total Disbursements	205,503	69,420
Cash Balance, December 31, 2022	\$ 117,886	\$ 44,368

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

Schedule 4

	<u>Street</u>	<u>American Rescue Plan Act (ARPA)</u>	<u>Total</u>
Cash Balance, January 1, 2022	\$ 35,192	\$ 27,452	\$ 62,644
Receipts:			
State aid	23,656		23,656
Federal aid		27,451	27,451
Interest	37		37
Total Receipts	<u>23,693</u>	<u>27,451</u>	<u>51,144</u>
Disbursements:			
Law enforcement		23,792	23,792
Highways and streets	14,517		14,517
Contribution to water department		31,111	31,111
Total Disbursements	<u>14,517</u>	<u>54,903</u>	<u>69,420</u>
Cash Balance, December 31, 2022	<u>\$ 44,368</u>	<u>\$ 0</u>	<u>\$ 44,368</u>

TOWN OF LEAD HILL, ARKANSAS
 OTHER INFORMATION
 FOR THE YEARS ENDED DECEMBER 31, 2024, 2023, AND 2022
 (UNAUDITED)

Schedule 5

1. Cash balances on the Financial Schedules include demand accounts and certificates of deposit.

2. The Municipality's capital assets records were not available.

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

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financed purchases	<u>\$ 34,184</u>	<u>\$ 47,594</u>	<u>\$ 24,007</u>

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

	<u>December 31, 2022</u>
American Rescue Plan Act (ARPA)	<u>\$ 27,451</u>