

**City of Brinkley, Arkansas**

**Financial and Compliance Report**

**December 31, 2022 and 2021**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF BRINKLEY, ARKANSAS  
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# Arkansas

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Senate Vice Chair



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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Brinkley, 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 Brinkley, Arkansas, as of and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated September 25, 2023. 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 2022 and 2021:

Mayor: Gary Henard  
Clerk/Treasurer: Stacey Roche (1/1/2021 through 9/6/22)  
Sarah Rollins (9/7/22 through 12/31/22)  
District Court Clerk: Brandy Quinn  
Police Chief: Ed Randle

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 **Clerk/Treasurer**.

### Clerk/Treasurer

1. The City failed to make timely federal tax deposits and reports for January 1, 2021, through March 31, 2022, which resulted in an assessment of \$18,352 in penalties and interest. As of August 17, 2022, these penalties and interest have been paid to the Internal Revenue Service.
2. The City omitted receipts and disbursements from the financial records of the following funds, in noncompliance with Ark. Code Ann. §§ 14-59-110 – 111:
  - a. 2022 General Fund (which includes Sales Tax Industrial and Parks and Recreation accounts) receipts and disbursements totaling \$483,361 and \$434,992, respectively.
  - b. 2022 Street Fund receipts and disbursements totaling \$42,536 and \$24,665, respectively.
  - c. 2021 General Fund receipts and disbursements totaling \$90,573 and \$124,683, respectively.
3. Cash receipts and disbursements journals were not maintained for the American Rescue Plan Act Fund and the Police Car Grant Fund, as required by Ark. Code Ann. §§ 14-59-110 - 111.

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

Handwritten signature of Roger A. Norman in cursive.

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

Little Rock, Arkansas  
September 25, 2023  
LOM101422

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

Schedule 1

	General Fund	Special Revenue Funds	Debt Service Fund	Pension Trust Fund
Cash and Investment Balances, January 1, 2022	\$ 1,933,981	\$ 1,404,583	\$ 335,279	\$ 631,837
Receipts:				
State aid	39,754	376,499		4,286
Federal aid		338,641		
Property taxes	73,789	40,621		8,436
Franchise fees	127,180			
Sales taxes	1,476,080	475	738,009	
Fines, forfeitures, and costs	119,824	95,599		
Interest	2,045	4,849	8,760	14,650
Local permits and fees	29,787			
Advertising and promotion taxes		267,998		
Mosquito fees		17,342		
Rent		123,615		
Ambulance fees		42,615		
Sanitation fees	195,968			
Fuel fees		21,632		
Jail fees		60,698		
Contribution from water department		14,769		
Net increase/(decrease) in fair value of investments				(95,991)
Other	310,800	68,894		
Transfers in		403,295		
Total Receipts	<u>2,375,227</u>	<u>1,877,542</u>	<u>746,769</u>	<u>(68,619)</u>
Disbursements:				
General government	358,449	541,838		
Law enforcement	1,158,982	221,491		
Highways and streets	43,069	276,551		
Public safety	335,885	51,195		66,533
Sanitation	209,220			
Health		190,838		
Recreation and culture	30,575			
Social services		35,624		
Airport		173,726		
Contribution to water	146,600	36,500		
Debt service			726,589	
Transfers out	145,224	258,071		
Total Disbursements	<u>2,428,004</u>	<u>1,785,834</u>	<u>726,589</u>	<u>66,533</u>
Cash and Investment Balances, December 31, 2022	<u>\$ 1,881,204</u>	<u>\$ 1,496,291</u>	<u>\$ 355,459</u>	<u>\$ 496,685</u>

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

Schedule 2

	Street	Ambulance	Insect Control	District Judge and Clerk Retirement	LOPFI	Criminal Justice	District Court Cost	Fire Equipment Act 833	Police Car Reserve
Cash and Investment Balances, January 1, 2022	\$ 301,621	\$ 11,407	\$ 45,222	\$ 3,243	\$ 115,077	\$ 150,952	\$ 3,781	\$ 18,722	\$ 2,825
Receipts:									
State aid	233,109							46,803	
Federal aid									
Property taxes	32,454				8,167				
Sales taxes									
Fines, forfeitures, and costs				11,502	11,896	62,954	7,537		1,710
Interest	247	41	25	1	72	193	15		5
Advertising and promotion taxes									
Mosquito fees			17,342						
Rent		44,501							
Ambulance fees		42,615							
Fuel fees									
Jail fees						60,698			
Contribution from water department		14,769							
Other	751			739	35,650	3	325		4,533
Transfers in		50,000							
Total Receipts	<u>266,561</u>	<u>151,926</u>	<u>17,367</u>	<u>12,242</u>	<u>55,785</u>	<u>123,848</u>	<u>7,877</u>	<u>46,803</u>	<u>6,248</u>
Disbursements:									
General government									
Law enforcement				14,896	62,942	65,405	6,939		1,126
Highways and streets	255,021								
Public safety					11,108			40,087	
Health		151,053	39,785						
Social services									
Airport									
Contribution to water									
Transfers out									
Total Disbursements	<u>255,021</u>	<u>151,053</u>	<u>39,785</u>	<u>14,896</u>	<u>74,050</u>	<u>65,405</u>	<u>6,939</u>	<u>40,087</u>	<u>1,126</u>
Cash and Investment Balances, December 31, 2022	<u>\$ 313,161</u>	<u>\$ 12,280</u>	<u>\$ 22,804</u>	<u>\$ 589</u>	<u>\$ 96,812</u>	<u>\$ 209,395</u>	<u>\$ 4,719</u>	<u>\$ 25,438</u>	<u>\$ 7,947</u>

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

Schedule 2

	Airport	Hotel and Restaurant	Advertising and Promotion	Cemetery	Haven Rest	Oaklawn Trust	Commissary	American Rescue Plan Act	Police Car Grant	Total
Cash and Investment Balances, January 1, 2022	\$ 26,362	\$ 458,140	\$ 7,657	\$ 9,013	\$ 6,745	\$ 7,665	\$ 25,632	\$ 210,519		\$ 1,404,583
Receipts:										
State aid	96,587									376,499
Federal aid	25,482							268,298	\$ 44,861	338,641
Property taxes										40,621
Sales taxes	475									475
Fines, forfeitures, and costs										95,599
Interest	40	3,630	7	10	7	6		550		4,849
Advertising and promotion taxes		267,998								267,998
Mosquito fees										17,342
Rent	28,500		50,614							123,615
Ambulance fees										42,615
Fuel fees	21,632									21,632
Jail fees										60,698
Contribution from water department										14,769
Other			7,184	1,022		400	18,286		1	68,894
Transfers in	30,000		250,000	57,071					16,224	403,295
Total Receipts	<u>202,716</u>	<u>271,628</u>	<u>307,805</u>	<u>58,103</u>	<u>7</u>	<u>406</u>	<u>18,286</u>	<u>268,848</u>	<u>61,086</u>	<u>1,877,542</u>
Disbursements:										
General government		37	314,656					227,145		541,838
Law enforcement							10,042	60,141		221,491
Highways and streets								21,530		276,551
Public safety										51,195
Health										190,838
Social services				35,624						35,624
Airport	173,726									173,726
Contribution to water								36,500		36,500
Transfers out		250,000				8,071				258,071
Total Disbursements	<u>173,726</u>	<u>250,037</u>	<u>314,656</u>	<u>35,624</u>		<u>8,071</u>	<u>10,042</u>	<u>345,316</u>		<u>1,785,834</u>
Cash and Investment Balances, December 31, 2022	<u>\$ 55,352</u>	<u>\$ 479,731</u>	<u>\$ 806</u>	<u>\$ 31,492</u>	<u>\$ 6,752</u>	<u>\$ 0</u>	<u>\$ 33,876</u>	<u>\$ 134,051</u>	<u>\$ 61,086</u>	<u>\$ 1,496,291</u>

CITY OF BRINKLEY, ARKANSAS  
SCHEDULE OF FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)

Schedule 3

	General Fund	Special Revenue Funds	Debt Service Fund	Pension Trust Fund
Cash and Investment Balances, January 1, 2021	\$ 1,761,745	\$ 1,199,614	\$ 319,333	\$ 631,797
Receipts:				
State aid	50,445	295,931		4,405
Federal aid		498,076		
Property taxes	87,149	57,114		12,024
Franchise fees	119,018			
Sales taxes	1,494,175	223	747,034	
Fines, forfeitures, and costs	131,404	87,009		
Interest	2,057	5,365	126	12,817
Local permits and fees	13,820			
Advertising and promotion taxes		262,895		
Mosquito fees		18,188		
Rent	18,000	118,510		
Ambulance fees		59,419		
Sanitation fees	203,696			
Fuel fees		14,491		
Jail fees		61,788		
Net increase/(decrease) in fair value of investments				36,928
Other	204,072	84,321		
Transfers in		323,000		
Total Receipts	<u>2,323,836</u>	<u>1,886,330</u>	<u>747,160</u>	<u>66,174</u>
Disbursements:				
General government	319,475	356,173		
Law enforcement	1,072,285	161,700		
Highways and streets	12,318	271,329		
Public safety	432,292	43,492		66,134
Sanitation	209,543			
Health		188,489		
Recreation and culture	20,687			
Social services		27,064		
Airport		395,114		
Debt service			731,214	
Transfers out	85,000	238,000		
Total Disbursements	<u>2,151,600</u>	<u>1,681,361</u>	<u>731,214</u>	<u>66,134</u>
Cash and Investment Balances, December 31, 2021	<u>\$ 1,933,981</u>	<u>\$ 1,404,583</u>	<u>\$ 335,279</u>	<u>\$ 631,837</u>

CITY OF BRINKLEY, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 (UNAUDITED)

Schedule 4

	Street	Ambulance	Insect Control	District Judge's and Clerk's Retirement	Local Police and Fire Retirement (LOPFI)	Criminal Justice	District Court Cost	Fire Equipment & Training (Act 833)	Police Car Reserve
Cash and Investment Balances, January 1, 2021	\$ 269,704	\$ 8,072	\$ 51,174	\$ 1,533	\$ 119,597	\$ 95,246	\$ 1,328	\$ 10,297	\$ 20,589
Receipts:									
State aid	252,985							42,946	
Federal aid									2,550
Property taxes	45,090				12,024				
Sales taxes									
Fines, forfeitures, and costs				15,558	13,553	49,987	5,853		2,058
Interest	152	38	24	4	54	121	4		1
Advertising and promotion taxes									
Mosquito fees			18,188						
Rent		43,203							
Ambulance fees		59,419							
Fuel fees									
Jail fees									
Other	5,019				30,137	61,788	1,075		3,685
Transfers in		65,000							
Total Receipts	<u>303,246</u>	<u>167,660</u>	<u>18,212</u>	<u>15,562</u>	<u>55,768</u>	<u>112,971</u>	<u>5,857</u>	<u>42,946</u>	<u>8,294</u>
Disbursements:									
General government					65				
Law enforcement				13,852	51,252	57,265	3,404		26,058
Highways and streets	271,329								
Public safety					8,971			34,521	
Health		164,325	24,164						
Social services									
Airport									
Transfers out									
Total Disbursements	<u>271,329</u>	<u>164,325</u>	<u>24,164</u>	<u>13,852</u>	<u>60,288</u>	<u>57,265</u>	<u>3,404</u>	<u>34,521</u>	<u>26,058</u>
Cash and Investment Balances, December 31, 2021	<u>\$ 301,621</u>	<u>\$ 11,407</u>	<u>\$ 45,222</u>	<u>\$ 3,243</u>	<u>\$ 115,077</u>	<u>\$ 150,952</u>	<u>\$ 3,781</u>	<u>\$ 18,722</u>	<u>\$ 2,825</u>



CITY OF BRINKLEY, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 (UNAUDITED)

Schedule 4

	Airport	Hotel and Restaurant	Advertising and Promotion	Cemetery	Haven Rest	Oaklawn Trust	Commissary	American Rescue Plan Act	Total
Cash and Investment Balances, January 1, 2021	\$ 137,741	\$ 429,167	\$ 20,453	\$ 7,601	\$ 6,697	\$ 5,666	\$ 14,749		\$ 1,199,614
Receipts:									
State aid									295,931
Federal aid	227,225							\$ 268,301	498,076
Property taxes									57,114
Sales taxes	223								223
Fines, forfeitures, and costs									87,009
Interest	96	4,535	4	236				96	5,365
Advertising and promotion taxes		262,895							262,895
Mosquito fees									18,188
Rent	41,700		33,607						118,510
Ambulance fees									59,419
Fuel fees	14,491								14,491
Jail fees									61,788
Other			13,366	8,240	48	1,999	20,752		84,321
Transfers in			238,000	20,000					323,000
Total Receipts	<u>283,735</u>	<u>267,430</u>	<u>284,977</u>	<u>28,476</u>	<u>48</u>	<u>1,999</u>	<u>20,752</u>	<u>268,397</u>	<u>1,886,330</u>
Disbursements:									
General government		457	297,773					57,878	356,173
Law enforcement							9,869		161,700
Highways and streets									271,329
Public safety									43,492
Health									188,489
Social services				27,064					27,064
Airport	395,114								395,114
Transfers out		238,000							238,000
Total Disbursements	<u>395,114</u>	<u>238,457</u>	<u>297,773</u>	<u>27,064</u>			<u>9,869</u>	<u>57,878</u>	<u>1,681,361</u>
Cash and Investment Balances, December 31, 2021	<u>\$ 26,362</u>	<u>\$ 458,140</u>	<u>\$ 7,657</u>	<u>\$ 9,013</u>	<u>\$ 6,745</u>	<u>\$ 7,665</u>	<u>\$ 25,632</u>	<u>\$ 210,519</u>	<u>\$ 1,404,583</u>

CITY OF BRINKLEY, ARKANSAS  
 OTHER INFORMATION  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
 (UNAUDITED)

1. Cash balances on the Financial Schedules include demand and savings accounts and certificates of deposit. Investment balances include government securities and mutual funds.

2. The General Fund column on the Financial Schedules includes the following bank accounts:  
 General, Sanitation, Sales Tax, Fire Depreciation, Parks and Recreation, and CARES Act.

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Police Bond and Fine	\$ 358	\$ 3,061
District Court	54,479	62,833
Administration of Justice	1	
Transfer	1	5

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	\$ 1,871,774	\$ 1,871,774
Buildings	8,662,485	8,662,485
Equipment	<u>3,325,723</u>	<u>3,325,723</u>
Total	<u>\$ 13,859,982</u>	<u>\$ 13,859,982</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bonds payable	<u>\$ 255,000</u>	<u>\$ 960,000</u>

CITY OF BRINKLEY, ARKANSAS  
 OTHER INFORMATION  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
 (UNAUDITED)

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

	December 31, 2022	December 31, 2021
2017 Sales and Use Tax Bonds, in the amount of \$3,220,000, dated December 19, 2017, due in annual installment of \$245,000 - 400,000, plus interest through December 1, 2026; interest rate at 2% - 2.25%. Payments are to be made from the Debt Service Fund.	<u>\$ 255,000</u>	<u>\$ 960,000</u>

7. The City is obligated for the following amounts at December 31, 2022:

Years Ending December 31,	Bonds
2023	\$ 257,869
Total Obligations	257,869
Less Interest	<u>2,869</u>
Total Principal	<u>\$ 255,000</u>

The City is obligated for the following amounts at December 31, 2021:

Years Ending December 31,	Bonds
2022	\$ 386,034
2023	388,277
2024	194,840
2025	660
2026	<u>30,660</u>
Total Obligations	1,000,471
Less Interest	<u>40,471</u>
Total Principal	<u>\$ 960,000</u>

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

	December 31, 2022	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 268,298</u>	<u>\$ 268,301</u>