

City of Brookland, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF BROOKLAND, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2021

Financial and Compliance Report

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Arkansas

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Senate Vice Chair



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House Chair
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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 Brookland, 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 Brookland, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated November 7, 2022. 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 commentary contained in this section relates to the following officials who held office during 2021:

Mayor: Kenneth Jones
Clerk/Treasurer: Billy Dacus
Police Chief: Jon Moore

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.

During our evaluation, nothing came to our attention that would warrant disclosure in this 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

A handwritten signature in cursive script that reads "Roger A. Norman".

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

Little Rock, Arkansas
November 7, 2022
LOM119521

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

Schedule 1

	General Fund	Special Revenue Funds	Debt Service Fund (Sales and Use Tax Refunding and Improvement Bonds, Series 2021)	Capital Projects Funds
Cash Balance, January 1, 2021	\$ 423,540	\$ 325,509		
Receipts:				
State aid	50,730	263,288		
Federal aid	1,299	380,593		
Property taxes	19,779	40,664		
Franchise fees	150,479			
Sales taxes	1,371,121	203,343	\$ 286,939	
Fines, forfeitures, and costs	99,992	6,064		
Interest	2,671	3,340	6	\$ 68
Local permits and fees	137,523			
Bond proceeds			3,945,722	5,209,278
School resource office reimbursement	110,144			
Other	40,314	3,428	29,762	
Total Receipts	1,984,052	900,720	4,262,429	5,209,346
Disbursements:				
General government	367,767	3,455	152,742	
Law enforcement	677,059	13,310		
Highways and streets	2,507	469,168		
Public safety	85,744			
Health	47,400			
Recreation and culture	6,712			763,938
Refunding of water and sewer bonds			2,263,197	
Bond proceeds transferred for water and sewer projects			1,248,691	
Sales taxes transferred to water and sewer	526,435			
Contribution to water and sewer		5,182		
Debt service	50,698	6,204		
Total Disbursements	1,764,322	497,319	3,664,630	763,938
Cash and Investment Balance, December 31, 2021	\$ 643,270	\$ 728,910	\$ 597,799	\$ 4,445,408

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

Schedule 2

	Street	Police Equipment	Museum Fundraiser	American Rescue Plan	Total
Cash Balance, January 1, 2021	\$ 323,634	\$ 842	\$ 1,033		\$ 325,509
Receipts:					
State aid	263,288				263,288
Federal aid				\$ 380,593	380,593
Property taxes	40,664				40,664
Sales taxes	203,343				203,343
Fines, forfeitures, and costs		6,064			6,064
Interest	2,518	5	5	812	3,340
Other	2,928	500			3,428
Total Receipts	<u>512,741</u>	<u>6,569</u>	<u>5</u>	<u>381,405</u>	<u>900,720</u>
Disbursements:					
General government				3,455	3,455
Law enforcement		500		12,810	13,310
Highways and streets	467,441			1,727	469,168
Contribution to water and sewer				5,182	5,182
Debt service		6,204			6,204
Total Disbursements	<u>467,441</u>	<u>6,704</u>		<u>23,174</u>	<u>497,319</u>
Cash Balance, December 31, 2021	<u>\$ 368,934</u>	<u>\$ 707</u>	<u>\$ 1,038</u>	<u>\$ 358,231</u>	<u>\$ 728,910</u>

CITY OF BROOKLAND, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (UNAUDITED)

Schedule 3

	<u>Park Construction</u>	<u>Municipal Building Construction</u>	<u>Total</u>
Cash Balance, January 1, 2021			
Receipts:			
Interest	\$ 53	\$ 15	\$ 68
Bond proceeds	4,165,523	1,043,755	5,209,278
Total Receipts	<u>4,165,576</u>	<u>1,043,770</u>	<u>5,209,346</u>
Disbursements:			
Recreation and culture	<u>763,938</u>		<u>763,938</u>
Cash and Investment Balance, December 31, 2021	<u><u>\$ 3,401,638</u></u>	<u><u>\$ 1,043,770</u></u>	<u><u>\$ 4,445,408</u></u>

CITY OF BROOKLAND, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 4

1. Cash and investment balances on the Financial Schedules include demand and savings accounts, certificates of deposit, and a mutual fund invested in United States Treasury securities and repurchase agreements collateralized fully by United States Treasury securities.

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

	December 31, 2021
Land	\$ 1,088,418
Buildings	433,601
Equipment	<u>597,735</u>
Total	<u>\$ 2,119,754</u>

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

	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 380,593</u>

4. The City recorded an interfund receivable and interfund payable to the General Fund from the American Rescue Plan Act Fund for police salary and benefits in the amount of \$318,890. Due to cash basis financial statements, the interfund receivable and payable was not reflected.

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

	December 31, 2021
Notes payable	\$ 208,231
Bond payable	<u>9,155,000</u>
Total	<u>\$ 9,363,231</u>

CITY OF BROOKLAND, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 4

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

	December 31, 2021
Promissory note dated December 20, 2018, with First Community Bank in the amount of \$47,652 with interest rate of 4.10% for the purchase of real estate for a retention pond. Monthly payments of \$894 for 58 months. Payments are to be made from the General Fund.	\$ 20,556
Promissory note dated December 17, 2018, with First Community Bank in the amount of \$28,132 with interest rate of 4.25% for the purchase of real estate for a park. Monthly payments of \$522 for 60 months. Payments are to be made from the General Fund.	11,984
Promissory note dated May 17, 2018, with First Community Bank in the amount of \$150,000 with interest rate of 3.65% for the purchase of a building for a library and museum. Monthly payments of \$886 for 38 months and a final payment of \$127,033. Payments are to be made from the General Fund.	134,196
Promissory note dated March 16, 2018, with First Community Bank in the amount of \$26,265 with interest rate of 3.65% for the purchase of a Ford Explorer. Monthly payments of \$590 for 48 months. Payments are to be made from the General Fund.	1,748
Promissory note dated August 2, 2018, with First Community Bank in the amount of \$64,210 with interest rate of 3.95% for the purchase of two Dodge Ram Trucks. Monthly payments of \$1,183 for 60 months. Payments are to be made from the General Fund.	21,724
Promissory note dated July 26, 2019, with First Community Bank in the amount of \$24,323 with interest rate of 4.25% for the purchase of a Dodge Charger. Monthly payments of \$451 for 60 months. Payments are to be made from the General and Police Equipment Funds.	13,216
Promissory note dated December 2, 2019, with First Community Bank in the amount of \$9,701 with interest rate of 3.25% for the purchase of a Dodge Charger. Monthly payments of \$216 for 48 months. Payments are to be made from the Police Equipment Fund.	4,807
Sales and Use Tax Refunding and Improvement Bonds, Series 2021, dated September 1, 2021, in the amount of \$9,155,000, due in annual installments of \$290,000-\$450,000 plus interest through September 1, 2046; interest of .40-2.125%. Payments are to be made from the Sales and Use Tax Refunding and Improvement Bonds, Series 2021 Fund.	9,155,000
Total	<u>\$ 9,363,231</u>

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

Years Ending December 31,	Notes	Bonds	Total
2022	\$ 51,590	\$ 444,809	\$ 496,399
2023	163,915	454,009	617,924
2024	3,158	452,909	456,067
2025		451,709	451,709
2026		454,504	454,504
2027 through 2031		2,260,269	2,260,269
2032 through 2036		2,262,756	2,262,756
2037 through 2041		2,257,663	2,257,663
2042 through 2046		2,258,325	2,258,325
Total Obligations	218,663	11,296,953	11,515,616
Less Interest	10,432	2,141,953	2,152,385
Total Principal	<u>\$ 208,231</u>	<u>\$ 9,155,000</u>	<u>\$ 9,363,231</u>