

City of Bradley, Arkansas

Financial and Compliance Report

December 31, 2022, 2021, and 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF BRADLEY, ARKANSAS
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FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020

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Arkansas



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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Bradley, 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 Bradley, Arkansas, as of and for the years ended December 31, 2022, 2021, and 2020, and have issued our report thereon dated February 22, 2024. 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 relate to the following officials who held office during 2022, 2021, and 2020:

Mayor: Jason Martin
Recorder/Treasurer: LaKeisha Young
District Court Clerk: Cathy Richmond
Police Chief/Marshal: Terry Phillips

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, Recorder/Treasurer** and **District Court Clerk**.

Mayor

The City sold a police assault rifle to the Mayor for \$200 without using a public or internet auction, as required by Ark Code Ann. § 14-54-302.

Mayor and Recorder/Treasurer

Restricted funds from previous years of \$10,289 and \$1,643 were not transferred to the Street Fund from the General Fund and Water and Sewer Revenue Fund, respectively. Additionally, other restricted funds from prior years totaling \$93,256 were due to the Solid Waste Fund from the General Fund. As shown on Note 8 on Schedule 7 of this report, when these outstanding amounts were considered, the General Fund had deficit balances of (\$77,475), (\$74,658), and (\$98,492), for 2022, 2021, and 2020, respectively. A similar finding was issued in the previous five reports dating back to 2015.

District Court Clerk

The ending balance in the Court Fund bank account was not identified with receipts issued for cases not yet adjudicated, as required by Ark. Code Ann. § 16-10-209. Identified receipts exceeded the bank balance by \$7,555, \$9,523, and \$6,538 for 2022, 2021, and 2020, respectively. A similar finding was noted in the previous six reports dating back to 2014.

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, appearing to read "Roger A. Norman".

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

Little Rock, Arkansas
February 22, 2024
LOM201622

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

Schedule 1

	General Fund	Special Revenue Funds	Debt Service Fund
Cash Balance, January 1, 2022	\$ 28,887	\$ 61,258	\$ 4,524
Receipts:			
State aid	11,424	60,040	
Federal aid		60,577	
Property taxes	25,933	7,777	
Franchise fees	499		
Sales taxes	65,456	44,425	
Fines, forfeitures, and costs	74,331	19,609	
Interest	108	105	15
Local permits and fees	8,149		
Sanitation fees		44,164	
Other	3,723	7,214	
Transfers in			2,438
Total Receipts	<u>189,623</u>	<u>243,911</u>	<u>2,453</u>
Disbursements:			
General government	78,477		
Law enforcement	56,596	68,039	
Highways and streets	3,281	51,095	
Public safety	14,330	8,064	
Sanitation	7,515	55,453	
Water and sewer	11,803		
Debt service		27,416	2,216
Transfers out	2,438		
Contributions to water	18,000		
Total Disbursements	<u>192,440</u>	<u>210,067</u>	<u>2,216</u>
Cash Balance, December 31, 2022	<u>\$ 26,070</u>	<u>\$ 95,102</u>	<u>\$ 4,761</u>

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

Schedule 2

	Street	Solid Waste	Criminal Justice	Fire Equipment and Training	Judicial Enhancement	Police Equipment	Firefighter's Equipment Project	American Rescue plan Act	Total
Cash Balance, January 1, 2022	\$ 8,766	\$ 15,748	\$ 9,574	\$ 13,037	\$ 4,799	\$ 9,334			\$ 61,258
Receipts:									
State aid	34,966			24,520			\$ 554		60,040
Federal aid						5,985		\$ 54,592	60,577
Property taxes	7,777								7,777
Sales taxes		44,425							44,425
Fines, forfeitures, and costs			6,203		1,257	12,149			19,609
Interest	16	72			17				105
Sanitation fees		44,164							44,164
Other	4,770	2,444							7,214
Total Receipts	47,529	91,105	6,203	24,520	1,274	18,134	554	54,592	243,911
Disbursements:									
Law enforcement			2,100		197	11,150		54,592	68,039
Highways and streets	51,095								51,095
Public safety				7,510			554		8,064
Sanitation		55,453							55,453
Debt service		27,416							27,416
Total Disbursements	51,095	82,869	2,100	7,510	197	11,150	554	54,592	210,067
Cash Balance, December 31, 2022	\$ 5,200	\$ 23,984	\$ 13,677	\$ 30,047	\$ 5,876	\$ 16,318	\$ 0	\$ 0	\$ 95,102

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

Schedule 3

	General Fund	Special Revenue Funds	Debt Service Fund
	<u> </u>	<u> </u>	<u> </u>
Cash Balance, January 1, 2021	\$ 5,053	\$ 83,700	\$ 4,296
Receipts:			
State aid	9,570	81,420	
Federal aid		60,425	
Property taxes	17,813	4,919	
Franchise fees	552		
Sales taxes	54,860	47,672	
Fines, forfeitures, and costs	95,609	25,568	
Interest	59	108	11
Local permits and fees	8,032		
Sanitation fees		21,230	
Other	3,859	10,841	
Transfers in			2,438
Total Receipts	<u>190,354</u>	<u>252,183</u>	<u>2,449</u>
Disbursements:			
General government	79,115		5
Law enforcement	61,202	92,328	
Highways and streets		63,752	
Public safety	13,710	44,427	
Sanitation	2,775	67,264	
Debt service		6,854	2,216
Transfers out	2,438		
Contributions to water	7,280		
Total Disbursements	<u>166,520</u>	<u>274,625</u>	<u>2,221</u>
Cash Balance, December 31, 2021	<u>\$ 28,887</u>	<u>\$ 61,258</u>	<u>\$ 4,524</u>

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

Schedule 4

	Street	Solid Waste	Criminal Justice	Fire Equipment and Training	Judicial Enhancement	Police Equipment	Firefighter's Equipment Project	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 11,271	\$ 19,827	\$ 8,390	\$ 23,302	\$ 5,301	\$ 15,828	\$ (219)		\$ 83,700
Receipts:									
State aid	47,288			16,479			17,653		81,420
Federal aid						5,833		\$ 54,592	60,425
Property taxes	4,919								4,919
Sales taxes		47,672							47,672
Fines, forfeitures, and costs			10,187		660	14,721			25,568
Interest	33	63			12				108
Sanitation fees		21,230							21,230
Other	9,007	1,074				511	249		10,841
Total Receipts	<u>61,247</u>	<u>70,039</u>	<u>10,187</u>	<u>16,479</u>	<u>672</u>	<u>21,065</u>	<u>17,902</u>	<u>54,592</u>	<u>252,183</u>
Disbursements:									
Law enforcement			9,003		1,174	27,559		54,592	92,328
Highways and streets	63,752								63,752
Public safety				26,744			17,683		44,427
Sanitation		67,264							67,264
Debt service		6,854							6,854
Total Disbursements	<u>63,752</u>	<u>74,118</u>	<u>9,003</u>	<u>26,744</u>	<u>1,174</u>	<u>27,559</u>	<u>17,683</u>	<u>54,592</u>	<u>274,625</u>
Cash Balance, December 31, 2021	<u>\$ 8,766</u>	<u>\$ 15,748</u>	<u>\$ 9,574</u>	<u>\$ 13,037</u>	<u>\$ 4,799</u>	<u>\$ 9,334</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 61,258</u>

CITY OF BRADLEY, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Schedule 5

	General Fund	Special Revenue Funds	Debt Service Fund
Cash Balance, January 1, 2020	\$ 5,259	\$ 103,600	\$ 4,073
Receipts:			
State aid	9,318	67,961	
Property taxes	14,424	5,822	
Franchise fees	402		
Sales taxes	38,281	46,048	
Fines, forfeitures, and costs	86,121	20,773	
Interest	21	155	11
Local permits and fees	8,110		
Sanitation fees		16,988	
Other	10,889	4,998	
Transfers in			2,438
Total Receipts	<u>167,566</u>	<u>162,745</u>	<u>2,449</u>
Disbursements:			
General government	51,867		10
Law enforcement	96,835	27,278	
Highways and streets		57,530	
Public safety	12,555	30,722	
Sanitation	4,077	67,115	
Debt service			2,216
Transfers out	2,438		
Total Disbursements	<u>167,772</u>	<u>182,645</u>	<u>2,226</u>
Cash Balance, December 31, 2020	<u>\$ 5,053</u>	<u>\$ 83,700</u>	<u>\$ 4,296</u>

CITY OF BRADLEY, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (UNAUDITED)

Schedule 6

	Street	Solid Waste	Criminal Justice	Fire Equipment and Training	Judicial Enhancement	Police Equipment	Firefighter's Equipment Project	Total
Cash Balance, January 1, 2020	\$ 12,837	\$ 23,797	\$ 18,986	\$ 11,252	\$ 5,037	\$ 9,691	\$ 22,000	\$ 103,600
Receipts:								
State aid	47,408			13,777			6,776	67,961
Property taxes	5,822							5,822
Sales taxes		46,048						46,048
Fines, forfeitures, and costs			10,002		427	10,344		20,773
Interest	33	109			13			155
Sanitation fees		16,988						16,988
Other	2,701					2,297		4,998
Total Receipts	55,964	63,145	10,002	13,777	440	12,641	6,776	162,745
Disbursements:								
Law enforcement			20,598		176	6,504		27,278
Highways and streets	57,530							57,530
Public safety				1,727			28,995	30,722
Sanitation		67,115						67,115
Total Disbursements	57,530	67,115	20,598	1,727	176	6,504	28,995	182,645
Cash Balance, December 31, 2020	\$ 11,271	\$ 19,827	\$ 8,390	\$ 23,302	\$ 5,301	\$ 15,828	\$ (219)	\$ 83,700

CITY OF BRADLEY, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020
(UNAUDITED)

Schedule 7

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

2. The General Fund column on the Financial Schedules includes the following bank accounts:
General and Franchise Fee

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

	December 31, 2022	December 31, 2021	December 31, 2020
District Court Fund	\$ 6,860	\$ 15,593	\$ 22,382
Payroll Fund	3,914	4,329	2,775

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

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

	December 31, 2022	December 31, 2021	December 31, 2020
Land	\$ 94,749	\$ 94,749	\$ 94,749
Buildings	999,072	999,072	999,072
Equipment	583,575	583,575	451,168
Totals	<u>\$ 1,677,396</u>	<u>\$ 1,677,396</u>	<u>\$ 1,544,989</u>

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

	December 31, 2022	December 31, 2021	December 31, 2020
Bonds payable	\$ 19,735	\$ 20,956	\$ 22,121
Financed purchases	144,619	167,325	
Totals	<u>\$ 164,354</u>	<u>\$ 188,281</u>	<u>\$ 22,121</u>

CITY OF BRADLEY, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020
(UNAUDITED)

Schedule 7

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

Years Ending December 31,	Bonds	Notes	Total
2023	\$ 2,216	\$ 27,416	\$ 29,632
2024	2,216	27,416	29,632
2025	2,216	27,416	29,632
2026	2,216	27,416	29,632
2027	2,216	27,416	29,632
2028 through 2032	11,080	20,559	31,639
2033 through 2034	4,108		4,108
Total Obligations	26,268	157,639	183,907
Less Interest	6,533	13,020	19,553
Total Principal	<u>\$ 19,735</u>	<u>\$ 144,619</u>	<u>\$ 164,354</u>

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

Years Ending December 31,	Bonds	Notes	Total
2022	\$ 2,216	\$ 27,416	\$ 29,632
2023	2,216	27,416	29,632
2024	2,216	27,416	29,632
2025	2,216	27,416	29,632
2026	2,216	27,416	29,632
2027 through 2031	11,080	47,974	59,054
2032 through 2034	6,324		6,324
Total Obligations	28,484	185,054	213,538
Less Interest	7,528	17,729	25,257
Total Principal	<u>\$ 20,956</u>	<u>\$ 167,325</u>	<u>\$ 188,281</u>

CITY OF BRADLEY, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020
(UNAUDITED)

Schedule 7

- 6 The City is obligated for the following amounts at December 31, 2020:

Years Ending December 31,	Bonds
2021	\$ 2,216
2022	2,216
2023	2,216
2024	2,216
2025	2,216
2026 through 2030	11,080
2031 through 2034	8,540
Total Obligations	30,700
Less Interest	8,579
Total Principal	\$ 22,121

7. 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)	\$ 54,592	\$ 54,592

CITY OF BRADLEY, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020
(UNAUDITED)

Schedule 7

8. 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 or expended from the wrong bank accounts. The information below begins with the cash balance per Schedules 1 and 6 of this report and the cash balance per the City's Independent Accountants' Report on Applying Agreed Upon Procedures. The computation includes increases and decreases to cash balances for amounts due to and due from funds within the City.

Balances as of December 31, 2022	General	Street	Solid Waste	Water and Sewer Fund
Cash balance per Schedules	\$ 26,070	\$ 5,200	\$ 23,984	
Cash balance per City's Independent Accountants' Report on Applying Agreed Upon Procedures				\$ 17,193
Due to other funds	(103,545)			(1,643)
Due from other funds		11,932	93,256	
Restated balance as of December 31, 2022	<u>\$ (77,475)</u>	<u>\$ 17,132</u>	<u>\$ 117,240</u>	<u>\$ 15,550</u>

Balances as of December 31, 2021	General	Street	Solid Waste	Water and Sewer Fund
Cash balance per Schedules	\$ 28,887	\$ 8,766	\$ 15,748	
Cash balance per City's Independent Accountants' Report on Applying Agreed Upon Procedures				\$ 29,746
Due to other funds	(103,545)			(1,643)
Due from other funds		11,932	93,256	
Restated balance as of December 31, 2021	<u>\$ (74,658)</u>	<u>\$ 20,698</u>	<u>\$ 109,004</u>	<u>\$ 28,103</u>

Balances as of December 31, 2020	General	Street	Solid Waste	Water and Sewer Fund
Cash balance per Schedules	\$ 5,053	\$ 11,271	\$ 19,827	
Cash balance per City's Independent Accountants' Report on Applying Agreed Upon Procedures				\$ 11,462
Due to other funds	(103,545)			(1,643)
Due from other funds		11,932	93,256	
Restated balance as of December 31 ,2020	<u>\$ (98,492)</u>	<u>\$ 23,203</u>	<u>\$ 113,083</u>	<u>\$ 9,819</u>