

City of Bull Shoals, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF BULL SHOALS, 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 Chair
Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. Nelda Speaks
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 Bull Shoals, 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 Bull Shoals, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated November 3, 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 findings contained in this section relate to the following officials who held office during 2021:

Mayor: David Nixon
Recorder/Treasurer: Tina Bailey
District Court Clerk: Jessica Wilkinson
Police Chief: James Kuchenbecker, retired December 2021
John Ainsworth, hired December 2021

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 **Recorder Treasurer**.

Mayor

The governing body did not review the prior year's report and accompanying comments at the first regularly scheduled meeting following the receipt of the report, as required by Ark. Code Ann. § 10-4-418.

Recorder/Treasurer

Cash receipts and disbursements journals were not properly classified or reconciled to bank deposits and withdrawals, in noncompliance with Ark. Code Ann. §§ 14-59-110 - 111. A similar finding was issued in the previous 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

Handwritten signature of Roger A. Norman in cursive.

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

Little Rock, Arkansas
November 3, 2022
LOM201921

From: [Anthony Weston](#)
To: [Jessica Brown](#)
Subject: FW: Updated findings
Date: Thursday, November 17, 2022 9:26:51 AM

See Mayor's response below.

Thanks,
Anthony Weston
Arkansas Legislative Audit
501-683-8600 ext. 4663



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From: David Nixon <dnixon@cityofbullshoals.org>
Sent: Thursday, November 17, 2022 9:25 AM
To: Anthony Weston <Anthony.Weston@arklegaudit.gov>
Subject: RE: Updated findings

EXTERNAL MESSAGE

Mr. Weston,

I apologize for my oversight in not responding to item number three in the most recent City of Bull Shoals supplemental findings from Legislative Audit.

The response is, in future the city will take care to pass a resolution accepting the (previous year's) budget as spent at the beginning of every fiscal year.

David Nixon
Mayor
Bull Shoals

From: Anthony Weston <Anthony.Weston@arklegaudit.gov>
Sent: Tuesday, November 8, 2022 1:28 PM
To: David Nixon <dnixon@cityofbullshoals.org>
Subject: Updated findings

Attached are the updated findings. I need them signed and returned to me. I'll also need a letter for

both the reportable and supplemental findings indicating your plan for correcting them.

Thanks,
Anthony Weston
Arkansas Legislative Audit
501-683-8600 ext. 4663



Disclaimer: The information in this message is confidential and may be legally privileged. It is intended for the addressee. Access to this message by anyone else is unauthorized. If you are not the intended recipient, any disclosure, copying, or distribution of the message, or any action or omission taken by you in reliance on it, is prohibited and may be unlawful. Please contact the sender immediately if you have received this message in error. Thank you.

City of Bull Shoals

P.O. Box 390 -706 C.S. Woods Blvd. – Bull Shoals, AR 72619
Email: Dnixon@cityofbullshoals.org – Website: www.cityofbullshoals.org
(870) 445-4775 – Fax: (870) 445-4948

November 15, 2022

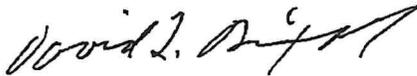
To Whom It May Concern.

This letter is written in response to the Findings identified by Legislative Audit for Engagement Year 2021 for the City of Bull Shoals.

Mayor Reportable Findings:

- 1) Governing Body did not review the prior year's report and accompanying comments at the first regularly scheduled meeting ...
 - a. Response: Due to a variety of reasons – most notably Covid disruptions – the City has received audits out of schedule. That is, multiple annual audits have been conducted back-to-back in a very compressed period of time. It had been our intention to review the multiple audits all in one meeting where they would be a focus of attention. The “prior year report” will be reviewed at our next regularly scheduled meeting.

Regards,



David L. Nixon

Mayor

City of Bull Shoals

P.O. Box 390 -706 C.S. Woods Blvd. – Bull Shoals, AR 72619
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(870) 445-4775 – Fax: (870) 445-4948

November 15,2022

To Whom It May Concern.

This letter is written in response to the Findings identified by Legislative Audit for Engagement Year 2021 for the City of Bull Shoals.

Mayor Supplemental Findings:

- 1) The 2020 water and sewer audits were not completed within one year following the system's fiscal year
 - a. Response: One dislikes using the same excuse, but the water Audit was delayed by Covid. We did not receive it until well after the normal deadline. Our auditing firm assured us that the necessary permissions for the delay had been obtained. In future we do not anticipate such unusual delays. We will submit all audits to Legislative Audit within the appropriated timeline.
- 2) Adequate supporting documentation was not maintained for tested reimbursements totaling \$153.... Also – Restricted Street monies were used to pay for holiday lights ...
 - a. Response: we will ensure that all supporting documentation is maintained.
 - b. General Fund will reimburse Streets for Holiday Lights in the amount of \$6,490.
- 3) The City did not pass an Ordinance establishing a method that provides for internal accounting controls and documentation for audit and accounting purposes Also – The Governing body did not ensure that the accountant hired to disburse payroll funds was adequately insured and Bonded
 - a. Response: We will pass an Ordinance that establishes internal accounting controls and documentation for audit and accounting purposes in relation to contracting with the outside accountant for the disbursement of payroll funds.
 - b. We will ensure that our accountant is insured and bonded.

Best Regards,



David L. Nixon

Mayor, Bull Shoals

City of Bull Shoals

P.O. Box 390 -706 C.S. Woods Blvd. – Bull Shoals, AR 72619
Email: Tbailey@cityofbullshoals.org – Website: www.cityofbullshoals.org
(870) 445-4775 – Fax: (870) 445-4948

November 15, 2022

Dear Arkansas Legislative Audit Committee,

It has come to my attention for the 2021 Audit that we have 8 sub findings with recommendations for the 2021 engagement year.

To the Sub-finding LOM201921-002, we will make sure all documentation will be maintained and the General Fund will reimburse the Street Fund for the Holiday lights totaling \$6,490.

To the Sub-finding LOM201921-003, we will begin working with the Auditor of State for unclaimed property.

To the Sub-finding LOM201921-007, which was also repeated from last audit, we have determined to move the monies to the LOPFI account.

To the Sub-finding LOM201921-008, we will pass an Ordinance that establishes a method that provides for internal accounting controls and documentation for audit and accounting purposes in relation to contracting with the outside accountant for the disbursement of the payroll funds. We will also ensure the accountant is bonded and insured.

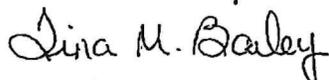
To the Sub-finding LOM201921-010, we will be more careful in maintaining our state payroll reports.

To the Sub-finding LOM201921-02, we will upgrade the fixed asset listing with the major categories, and we will review the Resolution 2013-R-06 to raise the City's threshold.

To the Sub-finding LOM201921-013, we will establish a cash receipts journal for all the funds.

To the Sub-finding LOM201921-019, we will have a printout of all journal entries and have it approved by the City Clerk or Mayor.

Thank you for your time and patience,



Tina Bailey, CAMC, CMC, CMO

City of Bull Shoals City Clerk-Recorder

City of Bull Shoals

P.O. Box 390 -706 C.S. Woods Blvd. – Bull Shoals, AR 72619
Email: jwilkinson@cityofbullshoals.org – Website: www.cityofbullshoals.org
(870) 445-4775 – Fax: (870) 445-4948

November 15, 2022

2021 District Court Legislative Audit Findings for Bull Shoals

Finding LOM201921-006

Bullet 1. We will begin using cash receipts and disbursement journals to reconcile and identify the total bank deposits, disbursements, and ending balances.

Bullet 2. The \$150 credit card payment was voided by the payer. I have fixed it and will pull CC reports to ensure I catch any voided or returned CC payments.

Bullet 3. We have identified the report that has the Department of Finance amount on it. We will figure out where this money is to go.

Bullet 4. We will be careful to use the correct check for the Court Automation Fund.

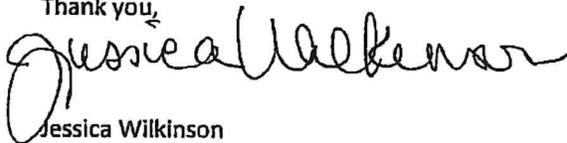
Bullet 5. We have learned that we need to transfer ½ of the installment fee collected to the Court Automation account and have began the process.

Bullet 6. Bond Refund check of \$2215.00 we issued on the Dec. 2020 reports, we missed this refund and we processed it April 2021. This was fixed from the last audit.

Bullet 7. We do not do daily deposits because the bank is in another city and we do not get enough to do a daily deposit. We will do weekly deposits if needed.

Bullet 8. We will start reconciling the Bonds Pending and Cash Settlement reports with what is in the bank account.

Thank you,



Handwritten signature of Jessica Wilkinson in black ink.

Jessica Wilkinson

City of Bull Shoals Chief Court Clerk

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

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2021	\$ 1,132,776	\$ 230,121
Receipts:		
State aid	41,944	160,776
Federal aid		201,588
Property taxes	155,102	36,793
Franchise fees	103,564	
Sales taxes	479,121	
Fines, forfeitures, and costs	56,626	3,150
Interest	1,764	301
Local permits and fees	55,288	
Sales of equipment	8,700	13,000
Sanitation fees		157,399
Donations		1,465
Other	1,140	16,468
Transfers in	12,352	59,951
Unclassified	684,897	2,071
Total Receipts	<u>1,600,498</u>	<u>652,962</u>
Disbursements:		
General government	503,618	
Law enforcement	272,329	3,307
Highways and streets		183,207
Public safety	202,931	
Sanitation		153,787
Recreation and culture	28,890	
Contributions to water	164,625	
Debt service	4,051	1,295
Transfers out	59,951	12,352
Unclassified	264,968	60,231
Total Disbursements	<u>1,501,363</u>	<u>414,179</u>
Cash Balance, December 31, 2021	<u>\$ 1,231,911</u>	<u>\$ 468,904</u>

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

	Street	Local Police and Fire Retirement (LOPF)	Solid Waste	Court Automation	Private Donation	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 107,180	\$ 458	\$ 113,979	\$ 118	\$ 8,386		\$ 230,121
Receipts:							
State aid	160,776						160,776
Federal aid						\$ 201,588	201,588
Property taxes	36,793						36,793
Fines, forfeitures, and costs				3,150			3,150
Interest	194		55		9	43	301
Sales of equipment	13,000						13,000
Sanitation fees			157,399				157,399
Donations					1,465		1,465
Other	11,495		4,972			1	16,468
Transfers in		59,841	110				59,951
Unclassified	2,071						2,071
Total Receipts	224,329	59,841	162,536	3,150	1,474	201,632	652,962
Disbursements:							
Law enforcement			275	3,032			3,307
Highways and streets	183,207						183,207
Sanitation			153,787				153,787
Debt service	1,295						1,295
Transfers out	6,952				5,400		12,352
Unclassified		60,231					60,231
Total Disbursements	191,454	60,231	154,062	3,032	5,400		414,179
Cash Balance, December 31, 2021	\$ 140,055	\$ 68	\$ 122,453	\$ 236	\$ 4,460	\$ 201,632	\$ 468,904

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

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

2. The General Fund column on the Financial Schedules includes the following bank accounts:
 General, General Reserve, and General Sweep

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

	December 31, 2021
District Court	\$ 8,721
Payroll	12,491

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, 2021
Land & Buildings	\$ 3,192,510
Equipment	1,097,126
Total	\$ 4,289,636

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

	December 31, 2021
Leases payable	\$ 7,710

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

	December 31, 2021
American Rescue Plan Act (ARPA)	\$ 201,588