

City of Bull Shoals, Arkansas

Financial and Compliance Report

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF BULL SHOALS, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2023

Financial and Compliance Report

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Arkansas

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Senate Chair
Sen. John Payton
Senate Vice Chair



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Rep. Richard Womack
House Vice Chair

Kevin William White, CPA, JD
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, 2023, and have issued our report thereon dated October 10, 2024. 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 2023:

Mayor: Michael Savu
Recorder/Treasurer: Tina Bailey
District Court Clerk: Darla Hulen (March 27, 2023 – December 31, 2023)
Jessica Wikinson (January 1, 2023 – March 27, 2023)
Police Chief: John Ainsworth

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 **Mayor**.

Mayor

General Fund disbursements exceeded total appropriations by \$147,289 (50.53%), in non-compliance with Ark. Code Ann. § 14-58-203. A similar finding was issued in the prior 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 black ink, appearing to read "Kevin White".

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
October 10, 2024
LOM201923

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

October 16, 2024

Dear Arkansas Legislative Audit Committee,

It has come to my attention for the 2023 Audit that we have 6 sub findings with recommendations for the 2023 engagement year.

To the Sub-finding LOM201923-002, we will begin working with the Auditor of State for unclaimed property and ask for the City Council to approve a resolution to remove the old checks from the books.

To the Sub-finding LOM201923-003, which was also repeated from last audit, we have determined to purchase the CenterPoint Government funding software to establish the receipts journal to comply with Ark. Code Ann. 14-59-110

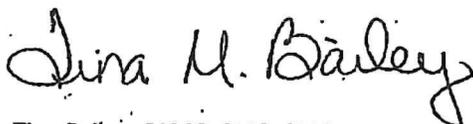
To the Sub-finding LOM201923-004, We have begun training in the new software and implementing procedures to ensure financial records are properly posted and classified.

To the Sub-finding LOM201923-005, we will identify any remaining balance in the payroll fund and determine what to do with it once everything has cleared.

To the Sub-finding LOM201923-006, 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 LOM201923-007, we will have someone else other than the person making the entries to approve all adjusting journal entries.

Thank you for your time and patience,



Tina Bailey, CAMC, CMC, CMO

City of Bull Shoals City Clerk-Recorder

**TENTH JUDICIAL DISTRICT COURT
Marion County – Bull Shoals Division**



PO Box 390
Bull Shoals, Arkansas 72619
Office: (870) 445-4775
FAX: (870) 445-4948

Jodi Carney
State District Judge

Darla Hulen
Court Clerk

October 10, 2023

Dear Arkansas Legislative Audit Committee,

It has come to my attention for the 2023 Audit that we have 2 reported findings with recommendations for the 2023 engagement year.

To the reportable finding LOM201923-001, we will be implementing procedures to reconcile cash receipts and disbursements journal to total bank deposits and disbursements and ending balances according to Ark. Code Ann. 16-10-209. We will also be implementing procedures to correct and go forward with the installment fees that are collected by the District Court Automation Fund as required by Ark. Code Ann. 16-13-704.

To the reportable finding LOM201923-002, we will be contacting the Municipal League on how we should move forward with the handling of the items that are over 1 year old and when and how they should be removed from the District Court books.

Thank you for your time and patience,

A handwritten signature in blue ink, appearing to read "Darla Hulen".

Darla Hulen
City of Bull Shoals Court Clerk

CITY OF BULL SHOALS, ARKANSAS
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

| | General Fund | Special Revenue Funds |
|---------------------------------|---------------------|-----------------------------|
| Cash Balance, January 1, 2023 | \$ 991,065 | \$ 672,560 |
| Receipts: | | |
| State aid | 241,474 | 173,162 |
| Federal aid | 4,000 | |
| Property taxes | 164,036 | 49,211 |
| Franchise fees | 114,454 | |
| Sales taxes | 745,323 | |
| Fines, forfeitures, and costs | 52,218 | 3,065 |
| Interest | 25,700 | 13,426 |
| Local permits and fees | 16,030 | 40 |
| Sanitation fees | | 156,419 |
| Other | 9,697 | 2,086 |
| Transfers in | 1,288 | 47,836 |
| Total Receipts | <u>1,374,220</u> | <u>445,245</u> |
| Disbursements: | | |
| General government | 321,444 | |
| Law enforcement | 317,041 | 38,499 |
| Highways and streets | | 206,039 |
| Public safety | 159,073 | |
| Sanitation | | 212,334 |
| Recreation and culture | 24,728 | |
| Wastewater | 234,997 | |
| Debt service | 3,428 | |
| Transfers out | 47,836 | 1,288 |
| Total Disbursements | <u>1,108,547</u> | <u>458,160</u> |
| Cash Balance, December 31, 2023 | <u>\$ 1,256,738</u> | <u>\$ 659,645</u> |

CITY OF BULL SHOALS, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

| | Street | Local Police and Fire Retirement (LOPFI) | Solid Waste | Court Automation | Private Donation | American Rescue Plan Act | Total |
|---------------------------------|------------|--|-------------|------------------|------------------|--------------------------|------------|
| Cash Balance, January 1, 2023 | \$ 99,222 | \$ 20,304 | \$ 171,069 | \$ 293 | \$ 38,692 | \$ 342,980 | \$ 672,560 |
| Receipts: | | | | | | | |
| State aid | 173,162 | | | | | | 173,162 |
| Property taxes | 49,211 | | | | | | 49,211 |
| Fines, forfeitures, and costs | | | | 3,065 | | | 3,065 |
| Interest | 2,385 | | 2,491 | | 850 | 7,700 | 13,426 |
| Local permits and fees | | | 40 | | | | 40 |
| Sanitation fees | | | 156,419 | | | | 156,419 |
| Other | | | 2,036 | | 50 | | 2,086 |
| Transfers in | | 47,836 | | | | | 47,836 |
| Total Receipts | 224,758 | 47,836 | 160,986 | 3,065 | 900 | 7,700 | 445,245 |
| Disbursements: | | | | | | | |
| Law enforcement | | 35,467 | | | | | 35,467 |
| Highways and streets | 206,039 | | | 3,032 | | | 209,071 |
| Sanitation | | | 212,334 | | | | 212,334 |
| Transfers out | | | | | 1,288 | | 1,288 |
| Total Disbursements | 206,039 | 35,467 | 212,334 | 3,032 | 1,288 | | 458,160 |
| Cash Balance, December 31, 2023 | \$ 117,941 | \$ 32,673 | \$ 119,721 | \$ 326 | \$ 38,304 | \$ 350,680 | \$ 659,645 |

CITY OF BULL SHOALS, ARKANSAS
 OTHER INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

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

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, 2023 |
| District Court | \$ 1,233 |
| Payroll | 2,563 |

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, 2023 |
| Land | \$ 3,192,510 |
| Equipment | 1,172,086 |
| Total | <u>\$ 4,364,596</u> |

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

| | |
|-------------------|----------------------|
| | December 31, 2023 |
| Financed purchase | <u>\$ 928</u> |