City of Bull Shoals, Arkansas

Financial and Compliance Report

December 31, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE

CITY OF BULL SHOALS, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2024

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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, 2024, and have issued our report thereon dated December 3, 2025. 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 2024:

Mayor: Carol Duss (appointed April 24 ,2024)
Tina Bailey (April 16, 2024 – April 24, 2024)
Michael Savu (resigned April 16, 2024)
Recorder/Treasurer: Tina Bailey
District Court Clerk: Darla Hulen
Police Chief: Brad Harper (hired March 16, 2024)
John Ainsworth (resigned March 16, 2024)

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**.

District Court Clerk

1. We examined District Court records for the period January 1, 2024 through April 30, 2025, after receiving allegations of missing funds. The District Court bank account and accounting records were not maintained in accordance with Ark. Code Ann. § 16-10-209 as follows:

   - The balance remaining in the bank was not identified with receipt numbers for cases not yet adjudicated and the payments made on all unpaid individual time accounts.
   - The bank account was not properly reconciled each month.
   - The cash receipts journal was not properly maintained and was not reconciled monthly to total bank deposits as shown on the bank statements.
   - The cash disbursements journal was not properly maintained and was not reconciled monthly to total bank disbursements as indicated on the bank statements.
   - Prenumbered receipts were not issued for all funds collected.

   City officials also provided copies of receipts and other documents obtained from defendants indicating payments made in cash that were not credited to court records. The receipt book in which these payments were recorded could not be located. Based on our comparison of District Court bank and accounting records to documentation provided, we identified 13 receipts, totaling $2,190, for fines and costs that were not deposited or recorded and one receipt for a $20 money order that was recorded but not deposited in the bank account. The United States Postal Service confirmed that the money order was cashed.

   The Court Clerk, who appears to have been responsible for making deposits, resigned in March 2025. This matter is being investigated by the 14th Judicial District Prosecuting Attorney and Arkansas State Police.

2. We noted the District Court is not properly transferring one half (1/2) of the installment fee collected to the District Court Automation Fund in non-compliance with Ark. Code Ann. § 16-13-704.

Recorder/Treasurer

1. Of $10,053 in credit card payments tested, the City paid charges totaling $1,944 without supporting documentation, in noncompliance with Ark. Code Ann. § 14-59-105; therefore, the validity of these disbursements could not be determined. Of this amount, charges totaling $242 were paid from funds included in this engagement, charges totaling $490 were paid from water funds that had not been audited as of report date, and we were unable to determine the fund from which charges totaling $1,212 were paid.

2. Supporting documentation authorizing $4,127 of the Recorder/Treasurer's salary was not provided, in noncompliance with Ark. Code Ann. § 14-59-105. This variance was determined to be the result of a discrepancy in the hourly rate, a payment for unused compensation and vacation time, and overtime not budgeted or reflected in the Council minutes.

Mayor and Recorder/Treasurer

Accounting procedures for municipalities are set forth in Ark. Code Ann. §§ 14-59-101 - 14-59-119. The City was in noncompliance with these codes and other proper accounting procedures as noted below:

- Cash receipts journals were not properly maintained to include all receipts and were not reconciled to total deposits per bank.
- Cash disbursements journals were not properly maintained to include all disbursements and were not reconciled to total disbursements per bank.
- Bank accounts were not reconciled properly. Additionally, they were not approved by someone other than the preparer.
- Prenumbered receipts were not issued for all funds received.
- Adequate supporting documentation was not provided for tested disbursements of $9,688.
- Electronic disbursements were made without proper approval of the City Council (by Ordinance) and without establishing written policies and procedures to ensure that the electronic funds payment system provides for internal controls and documentation for audit and accounting purposes giving consideration to the information systems best practices approved by the Legislative Joint Auditing Committee.
- Annual financial statements were not prepared and posted.
- A fixed asset listing was established but was not properly maintained to include additions and deletions.

Mayor

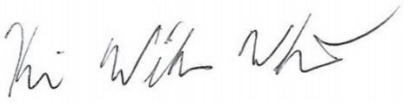
1. The governing body did not review the prior year's report and accompanying comments at the first regularly scheduled meeting following receipt of the report and did not document in the minutes the review of findings and recommendation and the action taken by the governing body in non-compliance with Ark. Code Ann. § 10-4-418.

2. Audits or agreed-upon procedures reports and compilations for the Water and Sewer Department were not obtained, in noncompliance with Ark. Code Ann. § 14-234-119.

3. General Fund disbursements exceeded total appropriations by $339,415 (39%), in non-compliance with Ark. Code Ann. § 14-58-203. A similar finding was noted in the previous two reports dating back to 2022.

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



Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
December 3, 2025
LOM201924

CITY OF BULL SHOALS, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2024	$ 1,256,738	$ 659,645
Receipts:		
State aid	113,417	160,514
Federal aid	7,400	
Property taxes	162,862	48,876
Franchise fees	136,863	
Sales taxes	714,604	
Fines, forfeitures, and costs	31,296	
Interest	34,102	15,614
Local permits and fees	35,856	
Fuel reimbursements		8,181
Sanitation fees		120,912
Other	49,956	2,295
Transfers in		28,392
Unclassified	3,337	19,405
Total Receipts	1,289,693	404,189
Disbursements:		
General government	440,559	
Law enforcement	49,413	55,440
Highways and streets		246,872
Public safety	7,439	
Sanitation		193,219
Recreation and culture	8,288	
Economic development	200	
Contribution to water department	101,692	
Debt service	935	
Transfers out	28,392	
Unclassified	582,066	4,890
Total Disbursements	1,218,984	500,421
Cash Balance, December 31, 2024	$ 1,327,447	$ 563,413

CITY OF BULL SHOALS, ARKANSAS
COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Schedule 2

	Street	Local Police and Fire Retirement (LOPFI)	Solid Waste	Court Automation	Private Donation	American Rescue Plan Act	Total
Cash Balance, January 1, 2024	$ 117,941	$ 32,673	$ 119,721	$ 326	$ 38,304	$ 350,680	$ 659,645
Receipts:							
State aid	160,514						160,514
Property taxes	48,876						48,876
Interest	3,260		1,906		628	9,820	15,614
Fuel reimbursements	8,181						8,181
Sanitation fees			120,912				120,912
Other	1,334		911		50		2,295
Transfers in		28,392					28,392
Unclassified	12,993			5,967	445		19,405
Total Receipts	235,158	28,392	123,729	5,967	1,123	9,820	404,189
Disbursements:							
Law enforcement		54,051		1,389			55,440
Highways and streets	246,872						246,872
Sanitation			193,219				193,219
Unclassified				4,890			4,890
Total Disbursements	246,872	54,051	193,219	6,279			500,421
Cash Balance, December 31, 2024	$ 106,227	$ 7,014	$ 50,231	$ 14	$ 39,427	$ 360,500	$ 563,413

CITY OF BULL SHOALS, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Schedule 3

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 and General Sweep

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

	December 31, 2024
District Court	$ 55,275
Payroll	36,240

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, 2024
Buildings and Land	$ 3,192,510
Equipment	1,147,169
Total	$ 4,339,679