

**City of Madison, Arkansas**

**Financial and Compliance Report**

**December 31, 2022**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF MADISON, ARKANSAS  
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FOR THE YEAR ENDED DECEMBER 31, 2022

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# Arkansas

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Financial and Compliance Report

City of Madison, 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 Madison, Arkansas, as of and for the year ended December 31, 2022, and have issued our report thereon dated March 27, 2024. These procedures were not performed for the Water and Sewer Department. 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:

Mayor: Bobby C. Hardrick, Sr.  
Recorder/Treasurer: Ennie Hardrick  
District Court Clerk: Earnestine Broadway  
Police Chief: Vacant

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 and Recorder/Treasurer**

Although Schedule 1 of this report shows a balance of \$31,774, it was brought to our attention that as of December 31, 2022, the General Fund owed a significant amount for balances owed to the Street and Sanitation Funds. As shown in Note 6 on Schedule 3, when these outstanding amounts were considered, the General Fund had a deficit balance of \$199,589. A similar finding was noted in the three previous reports.

#### **Mayor**

The governing body did not document the review of the prior report and accompanying comments or action taken by the governing body, as required by Ark. Code Ann. § 10-4-418. A similar finding was noted in the previous report.

#### **Recorder/Treasurer**

1. State aid for highway funds in previous years of \$24,559 owed to the Street Fund was not transferred during the engagement period, as required by Ark. Code Ann. § 27-70-207. The City made monthly payments of \$100 toward this balance, which was less than 1% of general revenues. In addition, the governing body has not passed an ordinance or resolution for this repayment policy. A similar finding was noted in the previous eleven reports dating back to 2009.
2. Sales taxes restricted for sanitation expenditures in previous years of \$206,804, owed to the Sanitation Fund was not transferred during the year. The City made monthly payments of \$100 toward this balance in addition to transferring one month of 2021 sales taxes of \$8,507 during January 2022. A similar finding was noted in previous six reports dating back to 2014.
3. Fixed asset listings were provided but did not include proper control totals and identification numbers when applicable, in noncompliance with Ark. Code Ann. § 14-59-107. A similar finding was noted in the previous three reports.
4. The City's accounts were under collateralized by \$175,330 (26% of total deposits) at December 31, 2022, in noncompliance with Ark. Code Ann. § 19-8-107. A similar finding was issued in the previous report.

### District Court Clerk

The ending balance in the Court Fund bank account was not identified with receipts issued for cases not yet adjudicated by the Court Clerk, as required by Ark. Code Ann. § 16-10-209. The ending cash balance exceeded identified receipts by \$2,794 (51%). 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

A handwritten signature in dark ink, appearing to read "Roger A. Norman". The signature is fluid and cursive, with a large initial "R" and a long, sweeping underline.

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

Little Rock, Arkansas  
March 27, 2024  
LOM211722

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

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2022	\$ 45,593	\$ 416,616
Receipts:		
State aid	16,705	93,686
Federal aid		71,063
Property taxes	6,381	720
Franchise fees	20,570	
Sales taxes	137,942	115,059
Fines, forfeitures, and costs	18,377	
Interest	52	195
Local permits and fees	1,157	
Refunds and rebates		234
Other	1,426	1,365
Transfers in		10,907
Total Receipts	<u>202,610</u>	<u>293,229</u>
Disbursements:		
General government	178,581	56,173
Law enforcement	19,804	16,711
Highways and streets		59,834
Public safety	372	10,225
Sanitation	4,213	50,552
Recreation and culture	332	
Debt service	2,220	
Transfers out	10,907	
Total Disbursements	<u>216,429</u>	<u>193,495</u>
Cash Balance, December 31, 2022	<u>\$ 31,774</u>	<u>\$ 516,350</u>

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

Schedule 2

	Street	Fire Department	Youth Committee	Police Department Special	Sanitation	USDA Grant	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 163,157	\$ 71,971	\$ 429	\$ 1,104	\$ 132,822	\$ 6,458	\$ 40,675	\$ 416,616
Receipts:								
State aid	67,640	26,046						93,686
Federal aid							71,063	71,063
Property taxes	720							720
Sales taxes					115,059			115,059
Interest	195							195
Refunds and rebates	234							234
Other	1,365							1,365
Transfers in	1,200				9,707			10,907
Total Receipts	<u>71,354</u>	<u>26,046</u>			<u>124,766</u>		<u>71,063</u>	<u>293,229</u>
Disbursements:								
General government							56,173	56,173
Law enforcement				1,011			15,700	16,711
Highways and streets	59,834							59,834
Public safety		10,225						10,225
Sanitation					50,552			50,552
Total Disbursements	<u>59,834</u>	<u>10,225</u>		<u>1,011</u>	<u>50,552</u>		<u>71,873</u>	<u>193,495</u>
Cash Balance, December 31, 2022	<u>\$ 174,677</u>	<u>\$ 87,792</u>	<u>\$ 429</u>	<u>\$ 93</u>	<u>\$ 207,036</u>	<u>\$ 6,458</u>	<u>\$ 39,865</u>	<u>\$ 516,350</u>

CITY OF MADISON, ARKANSAS  
OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand and savings accounts.
2. The General Fund column on the Financial Schedules includes the following bank accounts:  
General and Community Center
3. The cash balance at year-end in the custodial fund is as follows:

	December 31, 2022
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District Court	\$ 5,434

This balance represents fines, forfeitures, and costs that have not been transferred to the appropriate entities.

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

	December 31, 2022
	<hr/>
Land	\$ 8,000
Buildings	234,952
Equipment	<hr/> 304,107
Total	<hr/> <hr/> \$ 547,059

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

	December 31, 2022
	<hr/>
USDA Rural Development	<hr/> <hr/> \$ 43,245

CITY OF MADISON, ARKANSAS  
OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)

Schedule 3

6. The schedules included on our Financial and Compliance Reports are typically cash basis. We are including additional information here, as it was brought to our attention that the City of Madison (City) owed significant balances to other funds of the City. The information below begins with the cash balance per Schedules 1 and 2 of this report. The computation includes increases and decreases to cash balances for amounts due to and due from funds within the City.

	Total Combined General	Street	Sanitation
Balances as of December 31, 2022			
Cash balance per Schedules	\$ 31,774	\$ 174,677	\$ 207,036
Due from other funds:			
Sanitation sales tax			206,804
State aid for highway funds		24,559	
Due to other funds:			
Sanitation sales tax	(206,804)		
State aid for highway funds	(24,559)		
Restated balances as of December 31, 2022	<u>\$ (199,589)</u>	<u>\$ 199,236</u>	<u>\$ 413,840</u>

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

	December 31, 2022
American Rescue Plan Act (ARPA)	<u>\$ 71,063</u>