

City of Briarcliff, Arkansas

Financial and Compliance Report

December 31, 2024 and 2023



CITY OF BRIARCLIFF, ARKANSAS
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FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Financial and Compliance Report

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Arkansas



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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Briarcliff, 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 Briarcliff, Arkansas, as of and for the years ended December 31, 2024 and 2023, and have issued our report thereon dated February 12, 2026. These procedures were not performed for the Briarcliff Water and Recreation Improvement District. 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 and 2023:

Mayor: Martin Nicholson (Appointed December 10, 2024)
Michael Lewis (Resigned November 25, 2024)
Recorder/Treasurer: Renate Schmitt
District Court Clerk: Renate Schmitt
Marshal: Michael Holland

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 and Recorder/Treasurer

1. On March 15, 2023, the City disbursed \$200,000 to the Briarcliff Water and Recreational Improvement District (BID), a suburban improvement district, to avoid having uninsured funds in its account due to exceeding FDIC limits. On February 10, 2025, the City Council approved loaning \$97,829 of the \$200,000 to the BID to purchase an excavator, in apparent conflict with Ark. Const. Art. 12, § 5, which states, in part, "No county, city, town or other municipal corporation, shall...loan its credit to any corporation, association, institution, or individual." Subsequently, on June 26, 2025, the \$102,171 in remaining funds was returned to the City.
2. Fixed asset records were established, but did not include additions, deletions, control totals, and amounts, as required by Ark. Code Ann. §14-59-107.
3. City council minutes for meetings from July 2025 to October 2025 were not maintained for inspection, in noncompliance with Ark. Code Ann. § 14-59-114.

Recorder/Treasurer

Of \$4,746 and \$15,688 in credit card payments tested, supporting documentation was not available for \$1,111 and \$888 in 2024 and 2023, respectively, in noncompliance with Ark. Code Ann. § 14-59-105. Without adequate supporting documentation, the validity of these purchases could not be determined.

Mayor

Street Fund expenditures exceeded budgeted appropriations in 2024 by \$1,942 (31%), in noncompliance with Ark. Code Ann. § 14-58-203.

Other Issues

The following procedures could not be performed because records were destroyed by a tornado on May 26, 2024:

- Reconciliation of 2024 W-3 to quarterly 941 reports and the annual state AR3 Report.
- Examination and testing of uniform traffic citation books and logs.
- Verification of documentation for tested expenditures totaling \$95,139.
- Testing of time payment ledgers and receipts for District Court installment payment accounts.
- Review of May 14, 2024, council meeting minutes.

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". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
February 12, 2026
LOM222024

CITY OF BRIARCLIFF, 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	\$ 363,570	\$ 46,124
Receipts:		
State aid	3,510	19,407
Federal aid	18,171	
Property taxes	21,902	5,458
Franchise fees	2,248	
Sales taxes	87,962	
Fines, forfeitures, and costs	52	
Interest	1,531	1,050
Local permits and fees	1,905	
Insurance proceeds		835,997
Contribution from Water and Recreational Improvement District	169,679	
Other	31,916	4,687
Transfers in		35,000
Unclassified	115	
Total Receipts	338,991	901,599
Disbursements:		
General government	207,679	169,650
Law enforcement	343	
Highways and streets	15,027	8,271
Recreation and culture	9,358	
Water	30,012	
Transfers out	35,000	
Unclassified	7,529	
Total Disbursements	304,948	177,921
Cash Balance, December 31, 2024	\$ 397,613	\$ 769,802

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

Schedule 2

	<u>Street</u>	<u>American Rescue Plan Act</u>	<u>Rebuilding Fund</u>	<u>Total</u>
Cash Balance, January 1, 2024	\$ 15,724	\$ 30,400		\$ 46,124
Receipts:				
State aid	19,407			19,407
Property taxes	5,458			5,458
Interest	293		\$ 757	1,050
Insurance proceeds			835,997	835,997
Other	4,687			4,687
Transfers in	35,000			35,000
Total Receipts	<u>64,845</u>		<u>836,754</u>	<u>901,599</u>
Disbursements:				
General government		25,344	144,306	169,650
Highways and streets	8,271			8,271
Total Disbursements	<u>8,271</u>	<u>25,344</u>	<u>144,306</u>	<u>177,921</u>
Cash Balance, December 31, 2024	<u>\$ 72,298</u>	<u>\$ 5,056</u>	<u>\$ 692,448</u>	<u>\$ 769,802</u>

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

Schedule 3

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2023	\$ 572,802	\$ 46,345
Receipts:		
State aid	3,588	19,908
Property taxes	19,245	5,105
Franchise fees	2,407	
Sales taxes	82,651	
Interest	2,068	65
Local permits and fees	3,815	
Contribution from Water and Recreational Improvement District	190,284	
Other	49,681	
Transfers in		10,000
Total Receipts	<u>353,739</u>	<u>35,078</u>
Disbursements:		
General government	182,641	4,535
Law enforcement	717	
Highways and streets	144,936	30,764
Recreation and culture	21,531	
Water	3,146	
Contribution to Water and Recreational Improvement District	200,000	
Transfers out	10,000	
Total Disbursements	<u>562,971</u>	<u>35,299</u>
Cash Balance, December 31, 2023	<u>\$ 363,570</u>	<u>\$ 46,124</u>

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

Schedule 4

	<u>Street</u>	<u>American Rescue Plan Act</u>	<u>Total</u>
Cash Balance, January 1, 2023	\$ 11,410	\$ 34,935	\$ 46,345
Receipts:			
State aid	19,908		19,908
Property taxes	5,105		5,105
Interest	65		65
Transfers in	10,000		10,000
Total Receipts	<u>35,078</u>		<u>35,078</u>
Disbursements:			
General government		4,535	4,535
Highways and streets	30,764		30,764
Total Disbursements	<u>30,764</u>	<u>4,535</u>	<u>35,299</u>
Cash Balance, December 31, 2023	<u>\$ 15,724</u>	<u>\$ 30,400</u>	<u>\$ 46,124</u>

CITY OF BRIARCLIFF, ARKANSAS
 OTHER INFORMATION
 FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
 (UNAUDITED)

Schedule 5

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 General Savings
3. Cash balances at year-end in the custodial fund are as follows:

	December 31, 2024	December 31, 2023
District Court	\$ 600	\$ 222

These balances represent 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, 2024	December 31, 2023
Land	\$ 24,650	\$ 24,650
Equipment	220,868	220,868
Totals	\$ 245,518	\$ 245,518