

**City of Bethel Heights, Arkansas**

**(Annexed with Springdale, Arkansas on August 21, 2020)**

**Financial and Compliance Report**

**January 1, 2020 to August 21, 2020**

LEGISLATIVE JOINT AUDITING COMMITTEE

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# Arkansas



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Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Financial and Compliance Report

City of Springdale, 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 Bethel Heights, Arkansas, as of and for the period from January 1, 2020 to August 21, 2020, and have issued our report thereon dated February 7, 2022. These procedures were not performed for the Wastewater Treatment Fund. 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 2020:

Mayor: Cindy Black  
Recorder/Treasurer: Janet Nelson  
District Court Clerk: Amanda Fenton  
Police Chief: Rick Moore

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 expenditures exceeded budgeted appropriations by \$1,215,705 (79%), in noncompliance with Ark. Code Ann. § 14-58-203.

An annual audit or agreed-upon procedures report was not completed for the City's Wastewater System for the years 2020 and 2019, as required by Ark. Code Ann. § 14-234-119.

#### **Other issues**

On August 11, 2020, voters approved the annexation of the City of Bethel Heights into the City of Springdale. On August 21, 2020, the election results were certified and the appropriate court orders were issued declaring this annexation.

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  
February 7, 2022  
LOM222220

CITY OF BETHEL HEIGHTS, ARKANSAS  
 SCHEDULE OF FINANCIAL INFORMATION  
 FOR THE PERIOD JANUARY 1 TO AUGUST 21, 2020  
 (UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
	<u>                    </u>	<u>                    </u>
Cash Balance, January 1, 2020	\$ 4,480,906	\$ 743,283
Receipts:		
State aid	27,111	136,349
Property taxes	85,296	23,833
Franchise fees	39,877	
Sales taxes	915,775	
Fines, forfeitures, and costs	120,446	28,208
Interest	12,671	2,313
Local permits and fees	26,283	
Other	20,900	2,356
Total Receipts	<u>1,248,359</u>	<u>193,059</u>
Disbursements:		
General government	700,726	
Law enforcement	151,580	4,855
Highways and streets		97,819
Public safety	79,829	58,562
Recreation and culture	28,677	
Wastewater expense	135,461	
Contribution to wastewater	1,650,000	
Total Disbursements	<u>2,746,273</u>	<u>161,236</u>
Cash Balance, August 21, 2020	<u>\$ 2,982,992</u>	<u>\$ 775,106</u>

CITY OF BETHEL HEIGHTS, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE PERIOD JANUARY 1 TO AUGUST 21, 2020  
 (UNAUDITED)

Schedule 2

	Street	Fire Equipment and Training (Act 833)	Emergency Vehicle (Act 988)	Court Automation	Incarceration (Act 209)	Total
Cash Balance, January 1, 2020	\$ 608,127	\$ 34,589	\$ 21,386	\$ 52,476	\$ 26,705	\$ 743,283
Receipts:						
State aid	118,817	17,532				136,349
Property taxes	23,833					23,833
Fines, forfeitures, and costs			14,554	8,979	4,675	28,208
Interest	1,964	56	51	162	80	2,313
Other	2,356					2,356
Total Receipts	<u>146,970</u>	<u>17,588</u>	<u>14,605</u>	<u>9,141</u>	<u>4,755</u>	<u>193,059</u>
Disbursements:						
Law enforcement				2,575	2,280	4,855
Highways and streets	97,819					97,819
Public safety		35,351	23,211			58,562
Total Disbursements	<u>97,819</u>	<u>35,351</u>	<u>23,211</u>	<u>2,575</u>	<u>2,280</u>	<u>161,236</u>
Cash Balance, August 21, 2020	<u>\$ 657,278</u>	<u>\$ 16,826</u>	<u>\$ 12,780</u>	<u>\$ 59,042</u>	<u>\$ 29,180</u>	<u>\$ 775,106</u>

CITY OF BETHEL HEIGHTS, ARKANSAS  
 OTHER INFORMATION  
 FOR THE PERIOD JANUARY 1 TO AUGUST 21, 2020  
 (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 Fund, Warrant Fee, and Undercover Operations
3. Cash balances at year-end in the custodial funds are as follows:

	August 21, 2020
District Court	\$ 28,402
Administration of Justice Fund	285

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:

	August 21, 2020
Land	\$ 604,435
Buildings	1,146,162
Equipment	1,053,866
Total	\$ 2,804,463

5. Wastewater Treatment Fund

On March 3, 2020, the Arkansas Department of Energy and Environment, Division of Environmental Quality filed a civil suit against the City relating to issues within the wastewater treatment system.

As previously reported, expenditures within the Wastewater Fund increased significantly in 2020 and 2019 and the City began using General Funds to supplement the Wastewater Fund. During 2020, the City transferred \$1,650,000 from the General Fund to the Wastewater Fund and paid \$135,461 in Wastewater expenditures from the General Fund.

On August 11, 2020, voters approved the annexation of the City of Bethel Heights into the City of Springdale. On August 21, 2020, the election results were certified and the appropriate court orders were issued declaring the annexation of the City of Bethel Heights into the City of Springdale.