

City of Bradley, Arkansas

Financial and Compliance Report

December 31, 2017

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF BRADLEY, ARKANSAS
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Arkansas

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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Bradley, 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 Bradley, Arkansas, as of and for the year ended December 31, 2017, and have issued our report thereon dated October 11, 2018. These procedures were not performed for the Water and Sewer 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 2017:

Mayor: P. Renee Ikegulu
Recorder/Treasurer: Mike Rodriguez (August 11, 2016 – August 10, 2017)
LaKeisha Young (Appointed August 10, 2017)
District Court Clerk: Cathy Richmond
Police Chief: Xavier Pastchol (October 13, 2016 – May 5, 2017)
Vacant (May 6, 2017 – December 18, 2017)
Victor Rose (Appointed December 19, 2017)

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.

Our procedures indicated that the office of **Police Chief** was in substantial compliance with Arkansas fiscal and financial laws. Noncompliance with state law and accepted accounting practices was noted in the offices of **Mayor, Recorder/Treasurer, and District Court Clerk**.

Mayor

As of the report date, an audit or agreed-upon procedures report again has not been completed for the Bradley Water and Sewer System, as required by Ark. Code Ann. § 14-234-119.

The City did not review the prior report and accompanying comments at the first regularly scheduled meeting following receipt of the report, in noncompliance with Ark. Code Ann. § 10-4-418.

Recorder/Treasurer

A detailed fixed asset listing was established but again did not include all additions, as required by Ark. Code Ann. § 14-59-107.

Various restricted funds again were deposited into or expended from the wrong bank accounts. As of December 31, 2017, \$93,236, \$3,497, \$10,289, and \$48 were due to the Solid Waste, Firemen's Pension Trust, Street, and Debt Service Funds, respectively, from the General Fund, and \$1,643 was due to the Street Fund from the Water and Sewer Revenue Fund.

District Court Clerk

The ending balance in the Court Fund bank account was again 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 balance exceeded identified receipts by \$4,033.

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 cursive script, appearing to read "Roger A. Norman".

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

Little Rock, Arkansas
October 11, 2018
LOM201617

CITY OF BRADLEY, ARKANSAS
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (UNAUDITED)

Schedule 1

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Pension Trust Fund</u>
Cash and Investment Balance, January 1, 2017	\$ 269	\$ 80,978	\$ 3,034	\$ 95,022
Receipts:				
State aid	54,960	70,832		3,811
Property taxes	13,984	4,099		
Franchise fees	393			
Sales taxes	36,136	36,679		
Fines, forfeitures, and costs	71,432	18,822		
Interest and dividends	80	93	8	1,687
Local permits and fees	6,160			
Sanitation fees		13,196		
Other	5,052	3,469		
Transfers in	10,000		2,868	
Total Receipts	<u>198,197</u>	<u>147,190</u>	<u>2,876</u>	<u>5,498</u>
Disbursements:				
General government	40,902		48	
Law enforcement	82,076	15,919		
Highways and streets		49,583		
Public safety	9,537	14,273		13,871
Sanitation	3,035	52,143		
Loss on sale of investments				4,308
Debt service			2,216	
Transfers out	2,868	10,000		
Transfer to Arkansas Local Police & Fire Retirement System				82,341
Total Disbursements	<u>138,418</u>	<u>141,918</u>	<u>2,264</u>	<u>100,520</u>
Cash Balance, December 31, 2017	<u>\$ 60,048</u>	<u>\$ 86,250</u>	<u>\$ 3,646</u>	<u>\$ 0</u>

CITY OF BRADLEY, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (UNAUDITED)

Schedule 2

	Street	Solid Waste	Criminal Justice	Fire Equipment and Training	Judicial Enhancement	Fire Department	Police Equipment	Total
Cash Balance, January 1, 2017	\$ 5,458	\$ 25,554	\$ 42,117	\$ 177	\$ 6,299	\$ 270	\$ 1,103	\$ 80,978
Receipts:								
State aid	43,201			27,631				70,832
Property taxes	4,099							4,099
Sales taxes		36,679						36,679
Fines, forfeitures, and costs			8,426		270		10,126	18,822
Interest	15	64			14			93
Sanitation fees		13,196						13,196
Other	2,169						1,300	3,469
Total Receipts	<u>49,484</u>	<u>49,939</u>	<u>8,426</u>	<u>27,631</u>	<u>284</u>		<u>11,426</u>	<u>147,190</u>
Disbursements:								
Law enforcement			8,614		1,100		6,205	15,919
Highways and streets	49,583							49,583
Public safety				14,273				14,273
Sanitation		52,143						52,143
Transfers out		10,000						10,000
Total Disbursements	<u>49,583</u>	<u>62,143</u>	<u>8,614</u>	<u>14,273</u>	<u>1,100</u>		<u>6,205</u>	<u>141,918</u>
Cash Balance, December 31, 2017	<u>\$ 5,359</u>	<u>\$ 13,350</u>	<u>\$ 41,929</u>	<u>\$ 13,535</u>	<u>\$ 5,483</u>	<u>\$ 270</u>	<u>\$ 6,324</u>	<u>\$ 86,250</u>

CITY OF BRADLEY, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand accounts and certificates of deposit.
2. The General Fund column on the Financial Schedules includes the following bank accounts:
General and Franchise Fee
3. Cash balances at year-end in the agency funds are as follows:

	December 31, 2017
District Court Fund	\$ 30,271
Payroll Fund	8,340

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, 2017
Land	\$ 52,749
Buildings	999,072
Equipment	404,503
Total	\$ 1,456,324

5. Outstanding balances at year-end for long-term liabilities are as follows:

	December 31, 2017
Bonds payable	\$ 25,309

6. The City is obligated for the following amounts as of December 31, 2017:

Years Ending December 31,	Bonds
2018	\$ 2,216
2019	2,216
2020	2,216
2021	2,216
2022	2,216
2023 through 2027	11,080
2028 through 2032	11,080
2033 through 2034	4,108
Total obligations	37,348
Less interest	12,039
Total principal	\$ 25,309