

City of Eudora, Arkansas

Financial and Compliance Report

December 31, 2021 and 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF EUDORA, ARKANSAS
TABLE OF CONTENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Financial and Compliance Report

Schedule

2021

Schedule of Financial Information (Unaudited)	1
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	2
Combining Schedule of Financial Information – Capital Projects Funds (Unaudited)	3

2020

Schedule of Financial Information (Unaudited)	4
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	5
Combining Schedule of Financial Information – Capital Projects Funds (Unaudited)	6

2021 and 2020

Other Information (Unaudited)	7
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Senate Vice Chair



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Rep. Richard Womack
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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 Eudora, 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 Eudora, Arkansas, as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated October 26, 2023. 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 2021 and 2020:

Mayor: Jonathon Patrick (Resigned March 3, 2020)
Tomeka Butler (Elected March 3, 2020)
Clerk/Treasurer: Prustina Curry (Resigned January 20, 2021)
Beverly Joseph (Appointed January 20, 2021)
(Resigned May 3, 2021)
Marshay Bell (Appointed May 3, 2021)
District Court Clerk: Jennifer Bordelon
Police Chief: Darian Aikens (Resigned March 2020)
Wayne Williams (Hired March 2020)
(Resigned June 2020)
Carl McCree (Hired June 2020)
(Resigned October 14, 2021)
Tavion Baughan (Hired October 2021)

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 **Clerk/Treasurer**.

Mayor

The governing body did not review the prior report and accompanying comments and recommendations at the first regularly scheduled meeting following receipt of the report, as required by Ark. Code Ann. § 10-4-418.

In 2021, Street Fund disbursements exceeded appropriations by \$31,712 (30%), in noncompliance with Ark. Code Ann. § 14-58-203.

An audit or agreed-upon procedures and compilation report was not obtained for the Water and Sewer System Funds for 2021, as required by Ark. Code Ann. § 14-234-119.

Mayor and Clerk/Treasurer

Accounting procedures for municipalities are set forth in the Municipal Accounting Law, Ark. Code Ann. §§ 14-59-101 – 14-59-119. The city was not in compliance with these codes and other proper accounting procedures as noted below.

- Bank accounts were not properly reconciled.
- Prenumbered receipts were not issued for all funds received. A similar finding was issued in the prior report.
- Electronic disbursements were made without proper approval of the 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.
- Multiple transactions were posted to improper asset and liability accounts in the general ledger resulting in numerous posting errors and unclassified revenues and expenditures.

A lack of management oversight permitted these instances of noncompliance with the Municipal Accounting Law and proper accounting procedures. The effect of not following Municipal Accounting Law and proper accounting procedures precludes management from making appropriate, informed decisions on behalf of the city.

Property taxes restricted for Street purposes of \$1,007 were deposited in the General Fund in error and not transferred to the Street Fund, in noncompliance with Ark. Code Ann. § 26-79-104.

The Treasurer's bank accounts, at one bank, were undercollateralized by \$68,635 and \$312,942 (22% and 56% of deposits) as of December 31 and July 31, 2021, respectively, in noncompliance with Ark. Code Ann. § 19-8-107.

Check images provided by the bank for the General, General Secured Line of Credit, Mosquito Control, Street, Sales and Use Tax, Payroll, Act. 833, Parks and Recreation, Municipal Judge and Clerk Retirement, Administration of Justice, District Court City, and District Court Small Claims accounts were not in compliance with Ark. Code. Ann. §§ 19-2-501 – 19-2-509.

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



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

Little Rock, Arkansas
October 26, 2023
LOM103221

CITY OF EUDORA, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds	Capital Projects Funds
	<u> </u>	<u> </u>	<u> </u>
Cash Balance, January 1, 2021	\$ 123,759	\$ 168,406	\$ 3,885
Receipts:			
State aid	35,343	210,890	
Federal aid	2,550	197,134	
Property taxes	44,307	12,012	
Franchise fees	89,278		
Sales taxes	583,638	119,870	
Fines, forfeitures, and costs	43,958		
Interest	490	36	
Local permits and fees	13,952		
Sanitation fees	182,512		
Sale of equipment	18,902		
Other	44,225	2,451	1
Transfers in	13,352		
Total Receipts	<u>1,072,507</u>	<u>542,393</u>	<u>1</u>
Disbursements:			
General government	341,967		
Law enforcement	513,307		
Highways and streets		203,232	
Public safety	36,459	20,837	10
Sanitation	157,800		
Health	9,290		
Recreation and culture		101,574	
Social services	9,419		
Debt service		3,633	
Transfers out		13,352	
Total Disbursements	<u>1,068,242</u>	<u>342,628</u>	<u>10</u>
Cash Balance, December 31, 2021	<u>\$ 128,024</u>	<u>\$ 368,171</u>	<u>\$ 3,876</u>

CITY OF EUDORA, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (UNAUDITED)

Schedule 2

	Street	Fire Equipment and Training (Act 833)	Parks and Recreation	Municipal Judge and Clerk Retirement	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 106,490	\$ 18,029	\$ 30,535	\$ 13,352		\$ 168,406
Receipts:						
State aid	188,724	22,166				210,890
Federal aid					\$ 197,134	197,134
Property taxes	12,012					12,012
Sales taxes			119,870			119,870
Interest		36				36
Other	1		2,450			2,451
Total Receipts	<u>200,737</u>	<u>22,202</u>	<u>122,320</u>		<u>197,134</u>	<u>542,393</u>
Disbursements:						
Highways and streets	203,232					203,232
Public safety		20,837				20,837
Recreation and culture			101,574			101,574
Debt service	3,633					3,633
Total Disbursements	<u>206,865</u>	<u>20,837</u>	<u>101,574</u>	<u>13,352</u>		<u>342,628</u>
Cash Balance, December 31, 2021	<u>\$ 100,362</u>	<u>\$ 19,394</u>	<u>\$ 51,281</u>	<u>\$ 0</u>	<u>\$ 197,134</u>	<u>\$ 368,171</u>

CITY OF EUDORA, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (UNAUDITED)

Schedule 3

	<u>Fire Truck Grant</u>	<u>Johns Basketball Court</u>	<u>Police Car Grant</u>	<u>Emergency Shelter Renovation Grant</u>	<u>Total</u>
Cash Balance, January 1, 2021	<u>\$ 2,444</u>	<u>\$ 241</u>	<u>\$ 1,200</u>		<u>\$ 3,885</u>
Receipts:					
Other				<u>\$ 1</u>	<u>1</u>
Disbursements:					
Public safety	<u>10</u>				<u>10</u>
Cash Balance, December 31, 2021	<u><u>\$ 2,434</u></u>	<u><u>\$ 241</u></u>	<u><u>\$ 1,200</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 3,876</u></u>

CITY OF EUDORA, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Schedule 4

	General Fund	Special Revenue Funds	Capital Projects Funds
	<u> </u>	<u> </u>	<u> </u>
Cash Balance, January 1, 2020	\$ 111,149	\$ 107,074	\$ 3,905
Receipts:			
State aid	33,665	191,081	
Federal aid	93,048		
Property taxes	45,232	13,621	
Franchise fees	87,944		
Sales taxes	542,858	88,526	
Fines, forfeitures, and costs	31,611		
Interest	195	65	
Local permits and fees	12,082		
Sanitation fees	141,964		
Mosquito control	10,646		
Other	14,823	251	
Unclassified		993	
Total Receipts	<u>1,014,068</u>	<u>294,537</u>	
Disbursements:			
General government	254,339		
Law enforcement	459,150		10
Highways and streets		135,930	
Public safety	31,394	20,085	10
Sanitation	202,290		
Health	8,285		
Recreation and culture		66,509	
Debt service		10,681	
Unclassified	46,000		
Total Disbursements	<u>1,001,458</u>	<u>233,205</u>	<u>20</u>
Cash Balance, December 31, 2020	<u>\$ 123,759</u>	<u>\$ 168,406</u>	<u>\$ 3,885</u>

CITY OF EUDORA, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (UNAUDITED)

Schedule 5

	Street	Fire Equipment and Training (Act 833)	Parks and Recreation	Municipal Judge and Clerk Retirement	Total
Cash Balance, January 1, 2020	\$ 67,199	\$ 18,289	\$ 8,268	\$ 13,318	\$ 107,074
Receipts:					
State aid	171,288	19,793			191,081
Property taxes	13,621				13,621
Sales taxes			88,526		88,526
Interest		32		33	65
Other			250	1	251
Unclassified	993				993
Total Receipts	<u>185,902</u>	<u>19,825</u>	<u>88,776</u>	<u>34</u>	<u>294,537</u>
Disbursements:					
Highways and streets	135,930				135,930
Public safety		20,085			20,085
Recreation and culture			66,509		66,509
Debt service	10,681				10,681
Total Disbursements	<u>146,611</u>	<u>20,085</u>	<u>66,509</u>		<u>233,205</u>
Cash Balance, December 31, 2020	<u>\$ 106,490</u>	<u>\$ 18,029</u>	<u>\$ 30,535</u>	<u>\$ 13,352</u>	<u>\$ 168,406</u>

CITY OF EUDORA, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (UNAUDITED)

Schedule 6

	<u>Fire Truck Grant</u>	<u>Johns Basketball Court</u>	<u>Police Car Grant</u>	<u>Total</u>
Cash Balance, January 1, 2020	<u>\$ 2,454</u>	<u>\$ 241</u>	<u>\$ 1,210</u>	<u>\$ 3,905</u>
Disbursements:				
Law enforcement			10	10
Public safety	<u>10</u>			<u>10</u>
Total Disbursements	<u>10</u>		<u>10</u>	<u>20</u>
Cash Balance, December 31, 2020	<u><u>\$ 2,444</u></u>	<u><u>\$ 241</u></u>	<u><u>\$ 1,200</u></u>	<u><u>\$ 3,885</u></u>

CITY OF EUDORA, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(UNAUDITED)

Schedule 7

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, Mosquito Control, Sales and Use Tax, General Secured Line of Credit, and Police Miscellaneous.

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

	December 31, 2021	December 31, 2020
District Court - City	\$ 10,459	\$ 15,679
District Court - Civil	1,237	635
Payroll	43,764	35,695
Administration of Justice	2,175	612
Police Miscellaneous	540	20

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, 2021	December 31, 2020
Land and buildings	\$ 1,371,523	\$ 1,371,523
Equipment	1,377,252	1,551,288
Totals	<u>\$ 2,748,775</u>	<u>\$ 2,922,811</u>

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

	December 31, 2021	December 31, 2020
Notes payable		\$ 3,531
Compensated absences	\$ 10,631	12,148
Totals	<u>\$ 10,631</u>	<u>\$ 15,679</u>

CITY OF EUDORA, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(UNAUDITED)

Schedule 7

6. The City received federal funding in the following amounts related to COVID-19 relief:

	December 31, 2021	December 31, 2020
Coronavirus Aid, Relief and Economic Security Act (CARES)		\$ 93,048
American Rescue Plan Act (ARPA)	\$ 197,134	
Totals	<u>\$ 197,134</u>	<u>\$ 93,048</u>