

City of Palestine, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF PALESTINE, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2021

Financial and Compliance Report

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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 Palestine, 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 Palestine, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated April 5, 2023. 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 commentary contained in this section relates to the following officials who held office during 2021:

Mayor: Billy Shafer
Recorder/Treasurer: Valerie Parker
Police Chief: Jeff Nichols

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.

During our evaluation, nothing came to our attention that would warrant disclosure in this 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 cursive script, reading "Roger A. Norman".

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

Little Rock, Arkansas
April 5, 2023
LOM214721

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

Schedule 1

	General Fund	Special Revenue Funds	Debt Service Fund (Fire Capital Improvement)
Cash Balance, January 1, 2021	\$ 42,519	\$ 791,437	\$ 2,750
Receipts:			
State aid	10,571	76,005	
Federal aid		59,668	
Property taxes	6,877	2,675	
Franchise fees	33,906		
Sales taxes	268,607	268,607	
Fines, forfeitures, and costs	14,710		
Interest	19	191	
Local permits and fees	3,152		
Recreation fees		68,863	
Advertising and promotion taxes		30,250	
Contributions from water and sewer			17,400
Donations and fundraisers		14,610	
Other	4,349	61	
Transfers in		177,162	
Total Receipts	<u>342,191</u>	<u>698,092</u>	<u>17,400</u>
Disbursements:			
General government	165,162	2,245	
Law enforcement	132,456	3,615	
Highways and streets		228,243	
Public safety	15,959	19,476	
Sanitation		87,970	
Recreation and culture		249,592	
Advertising and promotion	271	23,506	
Contribution to water sewer	1,271	9,498	
Debt service			17,064
Transfers out	6,000	171,162	
Total Disbursements	<u>321,119</u>	<u>795,307</u>	<u>17,064</u>
Cash Balance, December 31, 2021	<u>\$ 63,591</u>	<u>\$ 694,222</u>	<u>\$ 3,086</u>

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

Schedule 2

	Street	Sanitation	Fire Equipment and Training	Advertising and Promotion	Ballpark	Festival	Veterans Memorial	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 588,404	\$ 82,220	\$ 20,774	\$ 56,290	\$ 21,378	\$ 13,893	\$ 8,478		\$ 791,437
Receipts:									
State aid	52,620		23,385						76,005
Federal aid								\$ 59,668	59,668
Property taxes	2,675								2,675
Sales taxes	190,110	78,497							268,607
Interest	176			15					191
Recreation fees					68,863				68,863
Advertising and promotion taxes				30,250					30,250
Donations and fundraisers							14,610		14,610
Other	61								61
Transfers in	3,200				4,800		169,162		177,162
Total Receipts	248,842	78,497	23,385	30,265	73,663		183,772	59,668	698,092
Disbursements:									
General government								2,245	2,245
Law enforcement								3,615	3,615
Highways and streets	227,021							1,222	228,243
Public safety			19,476						19,476
Sanitation		86,743						1,227	87,970
Recreation and culture					60,646		188,946		249,592
Advertising and promotion				23,506					23,506
Contribution to water sewer								9,498	9,498
Transfers out	154,162			17,000					171,162
Total Disbursements	381,183	86,743	19,476	40,506	60,646		188,946	17,807	795,307
Cash Balance, December 31, 2021	\$ 456,063	\$ 73,974	\$ 24,683	\$ 46,049	\$ 34,395	\$ 13,893	\$ 3,304	\$ 41,861	\$ 694,222

CITY OF PALESTINE, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, Volunteer Fire, and Police Department
3. The Municipality's capital assets records are summarized below:

	December 31, 2021
Land	\$ 244,070
Buildings	589,188
Equipment	679,330
Total	<u>\$ 1,512,588</u>

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

	December 31, 2021
Notes Payable	<u>\$ 42,432</u>

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

	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 59,668</u>