

Town of Jericho, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF JERICO, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Financial and Compliance Report

	<u>Schedule</u>
Schedule of Financial Information (Unaudited)	1
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	2
Other Information (Unaudited)	3

Arkansas

Sen. Ronald Caldwell
Senate Chair
Sen. Gary Stubblefield
Senate Vice Chair



Rep. Richard Womack
House Chair
Rep. Nelda Speaks
House Vice Chair

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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

Town of Jericho, 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 Town of Jericho, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated November 14, 2022. These procedures were not performed for the Wastewater Fund. Management of the Town 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:

Mayor: Ida Shumpert
Recorder/Treasurer: Elaine Dupree
District Court Clerk: Vacant
Police Chief: Roy Hill

We evaluated the Town'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

Although Schedule 1 of this report shows a balance of \$41,116 in the General Fund, it was brought to our attention that as of December 31, 2021, the General Fund owed a significant amount to the Street Fund. As shown in Note 7 on Schedule 3 when this outstanding account was considered, the General Fund had a deficit balance of \$17,874. A similar finding was noted in the previous report.

Recorder/Treasurer

Property taxes restricted for Street purposes of \$393 were not transferred from the General Fund to the Street Fund, as required by Ark. Code Ann. § 26-79-104. Also, restricted funds of \$58,597 noted in previous years were not transferred resulting in \$58,990 due from the General Fund to the Street Fund, in noncompliance with Ark. Code Ann. 14-59-104. The governing body determined \$50 a month would be remitted to the Street Fund for amounts owed; however, this payment schedule was not followed. A similar finding was noted in the previous report.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local Town 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 that reads "Roger A. Norman".

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

Little Rock, Arkansas
November 14, 2022
LOM318221

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

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2021	\$ 39,521	\$ 44,975
Receipts:		
State aid	1,875	9,387
Federal aid		10,773
Property taxes	3,936	
Franchise fees	3,804	
Sales taxes	11,597	
Fines, forfeitures, and costs	37,152	
Other	24,799	
Total Receipts	<u>83,163</u>	<u>20,160</u>
Disbursements:		
General government	43,078	
Law enforcement	35,490	10,773
Highways and streets		3,490
Public safety		180
Debt service	3,000	
Total Disbursements	<u>81,568</u>	<u>14,443</u>
Cash Balance, December 31, 2021	<u>\$ 41,116</u>	<u>\$ 50,692</u>

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

Schedule 2

	<u>Street</u>	<u>Fire Equipment and Training</u>	<u>American Recovery Plan Act</u>	<u>Total</u>
Cash Balance, January 1, 2021	\$ 43,655	\$ 1,320		\$ 44,975
Receipts:				
State aid	9,387			9,387
Federal aid			\$ 10,773	10,773
Total Receipts	<u>9,387</u>		<u>10,773</u>	<u>20,160</u>
Disbursements:				
Law enforcement			10,773	10,773
Highways and streets	3,490			3,490
Public safety		180		180
Total Disbursements	<u>3,490</u>	<u>180</u>	<u>10,773</u>	<u>14,443</u>
Cash Balance, December 31, 2021	<u>\$ 49,552</u>	<u>\$ 1,140</u>	<u>\$ 0</u>	<u>\$ 50,692</u>

TOWN OF JERICO, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand accounts.

2. The General Fund column on the Financial Schedules includes the following bank accounts:
General and Police Miscellaneous Fund

3. The cash balance at year-end in the custodial fund is as follows:

	December 31, 2021
	<hr/>
Police Bond and Fine	\$ 360

This balance represents 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, 2021
	<hr/>
Land	\$ 5,217
Buildings	183,560
Equipment	<hr/> 166,265
Total	<hr/> \$ 355,042 <hr/>

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

	December 31, 2021
	<hr/>
Court ordered default judgment	<hr/> \$ 15,900 <hr/>

On March 27, 2015, the Town was court ordered to pay a default judgment of \$39,000 to First Government Lease Company. Monthly payments of \$300 with zero interest are required until paid in full.

TOWN OF JERICO, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 3

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

	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 10,773</u>

7. Deficit General Fund Balance

The schedules included on our Financial and Compliance Reports are typically cash basis. We are including additional information here, as it was brought to our attention that the General fund owed a significant amount to the Street Fund at December 31, 2021. The information below begins with the cash balances for the General and Street Funds. The computation includes changes to the cash balances for outstanding amounts owed at year end.

Balances as of December 31, 2021	<u>General</u>	<u>Street</u>
Cash balances per accountant's report	\$ 41,116	\$ 49,552
Due Street fund	(58,990)	
Due from General Fund		58,990
Restated balances as of December 31, 2021	<u>\$ (17,874)</u>	<u>\$ 108,542</u>