

**Town of Jericho, Arkansas**

**Financial and Compliance Report**

**December 31, 2023**

LEGISLATIVE JOINT AUDITING COMMITTEE

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TOWN OF JERICO, ARKANSAS  
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FOR THE YEAR ENDED DECEMBER 31, 2023

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# Arkansas

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Senate Vice Chair



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House Vice Chair

**Kevin William White, CPA, JD**  
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, 2023, and have issued our report thereon dated March 3, 2025. 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 2023:

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**, **Recorder/Treasurer**, and **Police Chief**.

#### **Mayor and Police Chief**

1. Fines and costs revenue of \$55,916 exceeded 30% of the Town's expenditures in the preceding year by \$27,939, in noncompliance with Ark. Code Ann. § 12-8-403. The revenue was generated from traffic offense citations written by or arrests made by the Town's law enforcement personnel or from ancillary actions related to the enforcement of traffic offenses.
2. The bookkeeping function of the Town of Jericho District Court was performed by the Town's Police Chief, in noncompliance with Ark. Code Ann. § 16-10-208.

#### **Mayor and Recorder/Treasurer**

1. Although Schedule 1 of this report shows a balance of \$5,919 in the General Fund, it was brought to our attention that as of December 31, 2023, the General Fund owed a significant amount to the Street Fund. As shown in Note 6 on Schedule 3, when this outstanding amount was considered, the General Fund had a deficit balance of \$52,795. A similar finding was noted in the previous three reports dating back to 2020.
2. Restricted funds of \$58,714 were not transferred to the Street Fund from the General Fund, as required by Ark. Code Ann. § 27-70-207. The Town made payments of \$661 to reduce the balance owed to the Street Fund. On February 9, 2024, the Town received approval from the Legislative Joint Auditing Committee to pay \$100 and \$200 monthly, alternating amounts each month for three years, and to pay \$300 monthly after the three-year period. A similar finding was noted in the previous 15 reports dating back to 2001.
3. In addition, based on the 2023 approved budget, passed on January 19, 2023, the Mayor and Recorder/Treasurer were underpaid for the year by \$3,300 and 2,035, respectively. According to Town officials, the Council elected to withhold salary payments to these positions in order to help pay back outstanding balances to the Street Fund. However, Council meeting minutes from that meeting were unavailable; therefore, we were unable to verify this decision by the Council. It should be noted that the minutes from the December 2023 Council meeting indicate that the Recorder/Treasurer refused to forfeit her salary payments. Overall, we were unable to determine if this arrangement to withhold salary payments complies with Ark. Code Ann. § 14-42-113 (a)(1), which states that a city official's salary "may be decreased during the term only if requested by the official."

**Recorder/Treasurer**

The cash receipts journal for General Fund was not properly classified, as required by Ark. Code Ann. § 14-59-110.

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 dark ink, appearing to read "Ki With Wh", is written over a faint, circular official seal of the Arkansas Legislative Auditor.

Kevin William White, CPA, JD  
Legislative Auditor

Little Rock, Arkansas  
March 3, 2025  
LOM318223

TOWN OF JERICO, ARKANSAS  
SCHEDULE OF FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2023	\$ 26,952	\$ 57,264
Receipts:		
State aid	1,490	8,267
Property taxes	3,909	434
Franchise fees	3,275	
Sales taxes	11,876	
Fines, forfeitures, and costs	55,916	
Other	2,492	
Transfers in		661
Total Receipts	<u>78,958</u>	<u>9,362</u>
Disbursements:		
General government	29,559	
Law enforcement	65,871	
Highways and streets		3,023
Public safety		428
Debt service	3,900	
Transfers out	661	
Total Disbursements	<u>99,991</u>	<u>3,451</u>
Cash Balance, December 31, 2023	<u>\$ 5,919</u>	<u>\$ 63,175</u>

TOWN OF JERICHO, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (UNAUDITED)

Schedule 2

	Street	Fire Equipment and Training	Total
Cash Balance, January 1, 2023	\$ 56,304	\$ 960	\$ 57,264
Receipts:			
State aid	8,267		8,267
Property taxes	434		434
Transfers in	661		661
Total Receipts	<u>9,362</u>		<u>9,362</u>
Disbursements:			
Highways and streets	3,023		3,023
Public safety		428	428
Total Disbursements	<u>3,023</u>	<u>428</u>	<u>3,451</u>
Cash Balance, December 31, 2023	<u>\$ 62,643</u>	<u>\$ 532</u>	<u>\$ 63,175</u>

TOWN OF JERICHO, ARKANSAS  
OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(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
3. Cash balances at year-end in the custodial funds are as follows:

	December 31, 2023
	<hr/>
Police Bond and Fine	\$ 3,204
District Court	105

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:

	December 31, 2023
	<hr/>
Land	\$ 5,217
Buildings	183,560
Equipment	<hr/> 157,765
Total	<hr/> <hr/> \$ 346,542

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

	December 31, 2023
	<hr/>
Court ordered default judgment	<hr/> <hr/> \$ 8,400

On March 27, 2015, the Town was court ordered to pay a default judgment of \$39,900 to First Government Lease Company. Monthly payments of \$300 with zero interest are required until paid in full.

TOWN OF JERICHO, ARKANSAS  
OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(UNAUDITED)

Schedule 3

6. 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, 2023. 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, 2023	General	Street
Cash balances per accountant's report	\$ 5,919	\$ 62,643
Due to Street Fund	(58,714)	
Due from General Fund		58,714
	<u>          </u>	<u>          </u>
Restated balances as of December 31, 2023	<u>\$ (52,795)</u>	<u>\$ 121,357</u>