

City of Cherry Valley, Arkansas

Financial and Compliance Report

December 31, 2019

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF CHERRY VALLEY, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2019

Financial and Compliance Report

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Arkansas



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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Cherry Valley, 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 Cherry Valley, Arkansas, as of and for the year ended December 31, 2019, and have issued our report thereon dated April 28, 2020. 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 2019:

Mayor: Adam Love
Recorder/Treasurer: Stacey Bennett
District Court Clerk: Terrie Hess-Chappell
Police Chief: Jamie Walls

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.

We noted the following issue for disclosure in this report.

Other Matters

One unauthorized withdrawal of \$2,973 and two unauthorized withdrawals totaling \$5,928 were made from the City's bank account in December 2018 and January 2019, respectively. Entity personnel discovered the unauthorized withdrawals upon reconciliation of the affected bank account, and the funds were recovered from the bank.

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

Handwritten signature of Roger A. Norman in cursive.

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

Little Rock, Arkansas
April 28, 2020
LOM203019

CITY OF CHERRY VALLEY, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2019	\$ 166,628	\$ 344,020
Receipts:		
State aid	10,292	59,668
Property taxes	15,817	6,011
Franchise fees	21,453	
Sales taxes	115,000	29,369
Fines, forfeitures, and costs	75,237	8,183
Interest	254	237
Local permits and fees	1,535	
Rental Income		250
Sale of equipment		4,000
Other	765	587
Transfers in		27,426
Total Receipts	<u>240,353</u>	<u>135,731</u>
Disbursements:		
General government	78,445	
Law enforcement	105,443	28,342
Highways and streets		77,438
Public safety	15,472	10,291
Economic development		32,180
Debt service	5,000	10,887
Transfers out	27,426	
Distribution of sales tax to water and sewer department	29,369	
Total Disbursements	<u>261,155</u>	<u>159,138</u>
Cash Balance, December 31, 2019	<u>\$ 145,826</u>	<u>\$ 320,613</u>

CITY OF CHERRY VALLEY, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (UNAUDITED)

Schedule 2

	<u>Street</u>	<u>Local Police and Fire Retirement</u>	<u>Fire Equipment and Training</u>	<u>Emergency Service</u>	<u>Court Automation</u>	<u>Mosquito Control</u>
Cash Balance, January 1, 2019	\$ 53,080	\$ 49	\$ 6,940	\$ 19,264	\$ 11,230	\$ 3,509
Receipts:						
State aid	46,677		12,991			
Property taxes	6,011					
Sales taxes						
Fines, forfeitures, and costs					2,543	
Interest	28			209		
Rental Income						
Sale of equipment						
Other	387					
Transfers in						
Total Receipts	<u>53,103</u>		<u>12,991</u>	<u>209</u>	<u>2,543</u>	
Disbursements:						
Law enforcement					1,755	
Highways and streets	63,488					
Public safety		41	3,850			
Economic development						
Debt service	1,183		9,704			
Total Disbursements	<u>64,671</u>	<u>41</u>	<u>13,554</u>		<u>1,755</u>	
Cash Balance, December 31, 2019	<u>\$ 41,512</u>	<u>\$ 8</u>	<u>\$ 6,377</u>	<u>\$ 19,473</u>	<u>\$ 12,018</u>	<u>\$ 3,509</u>

CITY OF CHERRY VALLEY, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (UNAUDITED)

Schedule 2

	<u>Police Equipment</u>	<u>Fire Department</u>	<u>Economic Development</u>	<u>Inmate Housing</u>	<u>Street Sales Tax</u>	<u>Total</u>
Cash Balance, January 1, 2019	\$ 4,237	\$ 738	\$ 162,243	\$ 2,060	\$ 80,670	\$ 344,020
Receipts:						
State aid						59,668
Property taxes						6,011
Sales taxes					29,369	29,369
Fines, forfeitures, and costs	2,820			2,820		8,183
Interest						237
Rental Income			250			250
Sale of equipment	4,000					4,000
Other		200				587
Transfers in	21,126	6,300				27,426
Total Receipts	<u>27,946</u>	<u>6,500</u>	<u>250</u>	<u>2,820</u>	<u>29,369</u>	<u>135,731</u>
Disbursements:						
Law enforcement	23,607			2,980		28,342
Highways and streets					13,950	77,438
Public safety		6,400				10,291
Economic development			32,180			32,180
Debt service						10,887
Total Disbursements	<u>23,607</u>	<u>6,400</u>	<u>32,180</u>	<u>2,980</u>	<u>13,950</u>	<u>159,138</u>
Cash Balance, December 31, 2019	<u>\$ 8,576</u>	<u>\$ 838</u>	<u>\$ 130,313</u>	<u>\$ 1,900</u>	<u>\$ 96,089</u>	<u>\$ 320,613</u>

CITY OF CHERRY VALLEY, ARKANSAS
 OTHER INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (UNAUDITED)

1. Cash balances on the Financial Schedules include demand and savings accounts and certificates of deposit.
2. The General Fund column on the Financial Schedules includes the following bank accounts:
 General, Drug Forfeiture, and Police Savings

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

	December 31, 2019
District Court Fund	\$ 2,909

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, 2019
Land	\$ 77,643
Buildings	372,694
Equipment	584,753
Total	\$ 1,035,090

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

	December 31, 2019
Leases payable	\$ 4,346
Notes payable	165,919
Total	\$ 170,265