

OFFICE OF THE PROSECUTING ATTORNEY

Fifth Judicial District

Pope, Johnson, and Franklin Counties

Financial and Compliance Report

December 31, 2017 and 2016

LEGISLATIVE JOINT AUDITING COMMITTEE



PROSECUTING ATTORNEY, FIFTH JUDICIAL DISTRICT
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LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

Prosecuting Attorney, Fifth Judicial District
Legislative Joint Auditing Committee

A priority of Arkansas Legislative Audit is to assist government officials by promoting sound financial management and accountability of government resources. The Legislative Auditor reports on the fiscal affairs of prosecuting attorneys, 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 Prosecuting Attorney, Fifth Judicial District as of and for the years ended December 31, 2017 and 2016, and have issued our report thereon dated September 13, 2018. The Prosecuting Attorney is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The finding contained in this section relates to the following official who held office during 2017 and 2016:

Prosecuting Attorney: David Gibbons

Our procedures indicated that the Office of **Prosecuting Attorney** was in substantial compliance with Arkansas fiscal and financial laws. Noncompliance with state law and accepted accounting practices was noted in the office and is reported below:

Our review of payroll transactions revealed the following issues regarding the remittance of payroll tax deposits:

- Withholdings and matching reported on Internal Revenue Service (IRS) Forms 941 were not submitted in a timely manner which resulted in assessment of penalties of \$2,301 in 2017 and \$2,768 in 2016.
- IRS Form 941 payment amounts were not calculated properly resulting in overpayments and subsequent refunds from the IRS.
- Annual Arkansas Department of Finance and Administration Form AR3MAR report for 2017 was not submitted in a timely manner and withholding amounts for 2017 and 2016 were not properly remitted resulting in \$454 and \$338, respectively, in penalties and interest being assessed.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, the Prosecuting Attorney, 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 black ink that reads "Roger A. Norman".

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

Little Rock, Arkansas
September 13, 2018
LOPA00517

PROSECUTING ATTORNEY, FIFTH JUDICIAL DISTRICT
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (UNAUDITED)

Schedule 1

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Cash Balance, January 1, 2017	\$ 161,735	\$ 262,290
Receipts:		
Hot check fees	19,061	
Federal grants		126,500
Interest	62	99
Cash forfeitures	16,282	
County funds		18,400
Federal forfeitures		96,793
Transfers in		1,479
Total Receipts	<u>35,405</u>	<u>243,271</u>
Disbursements:		
Law enforcement	104,493	254,333
Debt service	5,941	1,188
Transfers out		1,479
Total Disbursements	<u>110,434</u>	<u>257,000</u>
Cash Balance, December 31, 2017	<u>\$ 86,706</u>	<u>\$ 248,561</u>

PROSECUTING ATTORNEY, FIFTH JUDICIAL DISTRICT
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (UNAUDITED)

Schedule 2

	Victim/Witness	Violence Against Women Prosecution Enhancement	Federal Forfeitures	Totals
Cash Balance, January 1, 2017	\$ 21,893	\$ 1,479	\$ 238,918	\$ 262,290
Receipts:				
Federal grants	126,500			126,500
Interest			99	99
County funds	18,400			18,400
Federal forfeitures			96,793	96,793
Transfers in	1,479			1,479
Total Receipts	<u>146,379</u>		<u>96,892</u>	<u>243,271</u>
Disbursements:				
Law enforcement	159,195		95,138	254,333
Debt service			1,188	1,188
Transfers out		1,479		1,479
Total Disbursements	<u>159,195</u>	<u>1,479</u>	<u>96,326</u>	<u>257,000</u>
Cash Balance, December 31, 2017	<u>\$ 9,077</u>	<u>\$ 0</u>	<u>\$ 239,484</u>	<u>\$ 248,561</u>

PROSECUTING ATTORNEY, FIFTH JUDICIAL DISTRICT
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2016
 (UNAUDITED)

Schedule 3

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Cash Balance, January 1, 2016	\$ 203,886	\$ 266,409
Receipts:		
Hot check fees	19,929	
Federal grants		138,079
Interest	97	107
Cash forfeitures	71,037	
County funds		18,400
Federal forfeitures		42,644
Other		2,182
Total Receipts	<u>91,063</u>	<u>201,412</u>
Disbursements:		
Law enforcement	127,792	205,531
Debt service	5,422	
Total Disbursements	<u>133,214</u>	<u>205,531</u>
Cash Balance, December 31, 2016	<u>\$ 161,735</u>	<u>\$ 262,290</u>

PROSECUTING ATTORNEY, FIFTH JUDICIAL DISTRICT
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2016
 (UNAUDITED)

Schedule 4

	Victim/Witness	Violence Against Women Prosecution Enhancement	Federal Forfeitures	Totals
Cash Balance, January 1, 2016	\$ 25,375	\$ 792	\$ 240,242	\$ 266,409
Receipts:				
Federal grants	138,079			138,079
Interest			107	107
County funds	18,400			18,400
Federal forfeitures			42,644	42,644
Other	1,495	687		2,182
Total Receipts	<u>157,974</u>	<u>687</u>	<u>42,751</u>	<u>201,412</u>
Disbursements:				
Law enforcement	161,456		44,075	205,531
Total Disbursements	<u>161,456</u>		<u>44,075</u>	<u>205,531</u>
Cash Balance, December 31, 2016	<u>\$ 21,893</u>	<u>\$ 1,479</u>	<u>\$ 238,918</u>	<u>\$ 262,290</u>

PROSECUTING ATTORNEY, FIFTH JUDICIAL DISTRICT
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(UNAUDITED)

Schedule 5

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 (PA Fees) and Drug Control (Operating)
3. Cash balances at year-end in the agency funds are as follows:

	December 31, 2017	December 31, 2016
Hot Check Trust	\$ 122,002	\$ 124,207
Escrow	22,072	22,061

These balances represent forfeitures and hot check restitutions that have not been transferred to the appropriate entities.

4. The Prosecuting Attorney's capital assets records are summarized below:

	December 31, 2017	December 31, 2016
Equipment	\$ 52,814	\$ 34,170

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

	December 31, 2017	December 31, 2016
Leases payable	\$ 21,180	\$ 27,720