

City of Portland, Arkansas

Financial and Compliance Report

December 31, 2022 and 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF PORTLAND, ARKANSAS
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FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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Arkansas



Financial and Compliance Report

City of Portland, 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 Portland, Arkansas, as of and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated June 22, 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 findings/ contained in this section relates to the following officials who held office during 2022 and 2021:

Mayor: Gary Morgan (Resigned September 2021)
Recorder/Treasurer: Kathy Coulter (Resigned October 2021)
Amber Spaulding (Appointed October 2021)

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.

Noncompliance with state law and accepted accounting practices was noted in the offices of **Mayor** and **Recorder/Treasurer**.

Mayor and Recorder/Treasurer

In 2022, the City disbursed \$3,000 to the Portland Food Pantry without a contract for services, in apparent conflict with Ark. Const. Art. 12 § 5.

Mayor


1. The governing body did not adopt the budgets by ordinance or resolution, in noncompliance with Ark. Code Ann. § 14-58-202. A similar finding was issued in the prior two reports.
2. The governing body did not review the prior year report and accompanying comments at the first regularly scheduled meeting following receipt of the report, in noncompliance with Ark. Code Ann. § 10-4-418. A similar finding was noted in the prior report.

Recorder/Treasurer

During review of disbursements, it came to our attention that the Council Members were not paid as employees of the City. These payments totaled \$2,800 and \$2,100 in 2022 and 2021, respectively. A similar finding was noted in the prior 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, appearing to read "Roger A. Norman".

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

Little Rock, Arkansas
June 22, 2023
LOM215722

CITY OF PORTLAND, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2022	\$ 155,137	\$ 72,922
Receipts:		
State aid	9,964	38,223
Federal aid		40,193
Property taxes	35,987	8,377
Franchise fees	20,485	
Sales taxes	162,972	
Fines, forfeitures, and costs	27,387	
Interest	42	
Mosquito fees	7,132	
Loan proceeds	126,000	
Other	26,328	2,757
Transfers in		5,383
Total Receipts	<u>416,297</u>	<u>94,933</u>
Disbursements:		
General government	93,164	
Law enforcement	93,650	40,626
Highways and streets		18,628
Public safety	5,675	13,454
Sanitation	49,493	
Health	13,488	
Recreation and culture	208	
Wastewater	40,286	
Debt service		5,328
Transfers out	5,383	
Total Disbursements	<u>301,347</u>	<u>78,036</u>
Cash Balance, December 31, 2022	<u>\$ 270,087</u>	<u>\$ 89,819</u>

CITY OF PORTLAND, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (UNAUDITED)

Schedule 2

	Street	Fire Equipment and Training (Act 833)	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 56,115	\$ 16,374	\$ 433	\$ 72,922
Receipts:				
State aid	28,059	10,164		38,223
Federal aid			40,193	40,193
Property taxes	4,986	3,391		8,377
Other		2,757		2,757
Transfers in	5,383			5,383
Total Receipts	<u>38,428</u>	<u>16,312</u>	<u>40,193</u>	<u>94,933</u>
Disbursements:				
Law enforcement			40,626	40,626
Highways and streets	18,628			18,628
Public safety		13,454		13,454
Debt service	5,328			5,328
Total Disbursements	<u>23,956</u>	<u>13,454</u>	<u>40,626</u>	<u>78,036</u>
Cash Balance, December 31, 2022	<u>\$ 70,587</u>	<u>\$ 19,232</u>	<u>\$ 0</u>	<u>\$ 89,819</u>

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

Schedule 3

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2021	\$ 132,394	\$ 61,654
Receipts:		
State aid	6,691	42,663
Federal aid		40,193
Property taxes	33,732	8,103
Franchise fees	19,888	
Sales taxes	160,521	
Fines, forfeitures, and costs	33,973	
Interest	64	
Mosquito fees	8,437	
Sanitation fees	33,484	
Other	6,854	189
Total Receipts	<u>303,644</u>	<u>91,148</u>
Disbursements:		
General government	76,530	
Law enforcement	86,364	39,760
Highways and streets	816	24,771
Public safety	3,183	7,707
Sanitation	57,689	
Health	10,579	
Recreation and culture	2,515	
Wastewater	43,225	
Debt service		7,642
Total Disbursements	<u>280,901</u>	<u>79,880</u>
Cash Balance, December 31, 2021	<u>\$ 155,137</u>	<u>\$ 72,922</u>

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

Schedule 4

	Street	Fire Equipment and Training (Act 833)	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 50,516	\$ 11,138		\$ 61,654
Receipts:				
State aid	33,336	9,327		42,663
Federal aid			\$ 40,193	40,193
Property taxes	4,676	3,427		8,103
Other		189		189
Total Receipts	<u>38,012</u>	<u>12,943</u>	<u>40,193</u>	<u>91,148</u>
Disbursements:				
Law enforcement			39,760	39,760
Highways and streets	24,771			24,771
Public safety		7,707		7,707
Debt service	7,642			7,642
Total Disbursements	<u>32,413</u>	<u>7,707</u>	<u>39,760</u>	<u>79,880</u>
Cash Balance, December 31, 2021	<u>\$ 56,115</u>	<u>\$ 16,374</u>	<u>\$ 433</u>	<u>\$ 72,922</u>

CITY OF PORTLAND, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(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, Sales Tax, Mosquito, Park, and Portland Justice
3. The Municipality's capital assets records are summarized below:

	December 31, 2022	December 31, 2021
Land	\$ 243,320	\$ 243,320
Buildings	555,845	555,845
Equipment	614,462	605,315
Totals	<u>\$ 1,413,627</u>	<u>\$ 1,404,480</u>

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

	December 31, 2022	December 31, 2021
Financed purchases	\$ 4,508	\$ 8,803
Notes payable	151,745	18,622
Totals	<u>\$ 156,253</u>	<u>\$ 27,425</u>

Note: A portion of the payments on the above long-term liabilities was paid by the Water and Sewer Department.

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

	December 31, 2022	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 40,193</u>	<u>\$ 40,193</u>