

**Town of Allport, Arkansas**

**Financial and Compliance Report**

**December 31, 2021**

LEGISLATIVE JOINT AUDITING COMMITTEE

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FOR THE YEAR ENDED DECEMBER 31, 2021

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# Arkansas

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**Sen. Gary Stubblefield**  
Senate Vice Chair



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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 Allport, 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 Allport, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated October 27, 2022. 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: Kenneth Raynor  
Recorder/Treasurer: Jeremy Allen

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**

1. Although Schedule 1 of this report shows a balance of \$52 in the General Fund, the Town owed significant amounts to the Street Fund and the HACT Regional Waste Treatment District. As Shown on Schedule 3 of this report, when these outstanding amounts were considered, the General Fund had a deficit of \$20,637. A similar finding was issued in the previous three reports.

#### **Mayor**

1. The Town was in noncompliance with Ark. Code Ann. §§ 14-58-202, -203 as noted below:
  - Minutes did not indicate the budget was passed by ordinance or resolution; however, Resolution no. 2021-2 signed May 24, 2021, indicated it was passed on March 1, 2021.
  - Budget was not adopted by February 1.

A similar finding was noted in the previous five reports.

#### **Recorder/Treasurer**

1. State aid for highway funds for previous years was not transferred from the General Fund to the Street Fund, and an unallowable disbursement in a previous year was made from the Street Fund, in noncompliance with Ark. Code Ann. § 14-59-104. The Town made payments in 2021, of \$2,888 to reduce the balance owed to the Street Fund to \$14,089 as of December 31, 2021. A similar finding was noted in the previous report.
2. At December 31, 2021, the Town owed the HACT Regional Wastewater Treatment District \$6,600 for sewer collection and wastewater treatment. The Town paid \$0 during 2021, in noncompliance with an agreement stating the Town would pay \$200 a month until the debt is satisfied. A similar finding was noted in the previous five reports.
3. Monthly bank reconciliations were prepared but were not accurate, in noncompliance with Ark. Code Ann. § 14-59-108. 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, reading "Roger A. Norman".

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

Little Rock, Arkansas  
October 27, 2022  
LOM300321

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

Schedule 1

|                                 | General<br>Fund   | Special<br>Revenue<br>Funds |
|---------------------------------|-------------------|-----------------------------|
|                                 | <u>          </u> | <u>          </u>           |
| Cash Balance, January 1, 2021   | \$ 340            | \$ 13                       |
| Receipts:                       |                   |                             |
| Federal aid                     | 32                | 12,192                      |
| Property taxes                  | 407               | 431                         |
| Franchise fees                  | 2,604             |                             |
| Sales taxes                     | 17,136            |                             |
| Donations                       | 1,400             |                             |
| Sale of equipment               | 3,250             |                             |
| Other                           |                   | 7                           |
| Transfers in                    |                   | 2,953                       |
| Total Receipts                  | <u>24,829</u>     | <u>15,583</u>               |
| Disbursements:                  |                   |                             |
| General government              | 22,159            |                             |
| Law enforcement                 | 5                 |                             |
| Highways and streets            |                   | 3,264                       |
| Recreation and culture          |                   | 45                          |
| Transfers out                   | 2,953             |                             |
| Total Disbursements             | <u>25,117</u>     | <u>3,309</u>                |
| Cash Balance, December 31, 2021 | <u>\$ 52</u>      | <u>\$ 12,287</u>            |

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

Schedule 2

|                                 | Street       | Community<br>Center Grant | American<br>Rescue Plan<br>Act | Total            |
|---------------------------------|--------------|---------------------------|--------------------------------|------------------|
| Cash Balance, January 1, 2021   | \$ 5         | \$ 8                      |                                | \$ 13            |
| Receipts:                       |              |                           |                                |                  |
| Federal aid                     |              |                           | \$ 12,192                      | 12,192           |
| Property taxes                  | 431          |                           |                                | 431              |
| Other                           |              | 7                         |                                | 7                |
| Transfers in                    | 2,888        | 65                        |                                | 2,953            |
| Total Receipts                  | <u>3,319</u> | <u>72</u>                 | <u>12,192</u>                  | <u>15,583</u>    |
| Disbursements:                  |              |                           |                                |                  |
| Highways and streets            | 3,264        |                           |                                | 3,264            |
| Recreation and culture          |              | 45                        |                                | 45               |
| Total Disbursements             | <u>3,264</u> | <u>45</u>                 |                                | <u>3,309</u>     |
| Cash Balance, December 31, 2021 | <u>\$ 60</u> | <u>\$ 35</u>              | <u>\$ 12,192</u>               | <u>\$ 12,287</u> |

TOWN OF ALLPORT, 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 District Court.
3. The Municipality's capital assets records are summarized below:

|           | December 31,<br>2021 |
|-----------|----------------------|
| Land      | \$ 8,000             |
| Buildings | 340,000              |
| Equipment | 17,000               |
|           | <hr/>                |
| Total     | \$ 365,000           |
|           | <hr/> <hr/>          |

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

|   | December 31,<br>2021 |
|---|----------------------|
| Due to HACT Regional Waste Treatment District | \$ 6,600             |
|   | <hr/> <hr/>          |

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

Schedule 3

5. The schedules included on our Financial and Compliance Reports are typically cash basis. We are including additional information here, as the Town of Allport (Town) had significant balances due to the Street Fund and delinquent payments to HACT Regional Waste Treatment District. The information below begins with the cash balance per Schedule 1 of this report. The computation includes increases and decreases to cash balances for amounts due to and due from funds within the Town.

| Balances as of December 31, 2021              | General     | Street    |
|---|-------------|-----------|
| Cash Balances per Schedule                    | \$ 52       | \$ 60     |
| Due to Street Fund                            | * (14,089)  |           |
| Due from General Fund                         |             | * 14,089  |
| Due to HACT Regional Waste Treatment District | (6,600)     |           |
| Totals  | \$ (20,637) | \$ 14,149 |

\* \$12,089 for state aid for highway funds and \$2,000 for a 2017 transfer to General Fund from Street Fund without a documented allowable purpose.

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

|                                 | December 31,<br>2021 |
|---------------------------------|----------------------|
| American Rescue Plan Act (ARPA) | \$ 12,224            |

7. On September 11, 2020, the Legislative Joint Audit Committee adopted a motion to begin the process to revoke the Town of Allport's Charter under Arkansas Code section § 14-62-102, by notifying the Attorney General and the Governor of the Committee's actions regarding the Town's noncompliance with the Municipal Accounting Law.