

Town of Avoca, Arkansas

Financial and Compliance Report

December 31, 2022, 2021, and 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF AVOCA, ARKANSAS
TABLE OF CONTENTS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020

Financial and Compliance Report

	<u>Schedule</u>
2022	
Schedule of Financial Information (Unaudited)	1
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	2
2021	
Schedule of Financial Information (Unaudited)	3
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	4
2020	
Schedule of Financial Information (Unaudited)	5
2022, 2021, and 2020	
Other Information (Unaudited)	6

Arkansas

Sen. David Wallace
Senate Chair
Sen. John Payton
Senate Vice Chair



Rep. Jimmy Gazaway
House Chair
Rep. Richard Womack
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 Avoca, 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 Avoca, Arkansas, as of and for the years ended December 31, 2022, 2021, and 2020, and have issued our report thereon dated September 7, 2023. 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 2022, 2021, and 2020:

Mayor: Robert Whitehorn
Recorder/Treasurer: Nanette Barnes

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

In 2021, General Fund disbursements exceeded appropriations by \$125,042 (36%), in noncompliance with Ark. Code Ann. § 14-58-203.

In 2022, 2021, and 2020, the City paid \$46,000, \$21,200, \$10,300, respectively to the Avoca Volunteer Fire Department. These payments were made without a contract for services, in apparent conflict with Ark. Const. art. 12, § 5.

Recorder Treasurer

A listing of fixed assets was established, but records were not updated to include additions, deletions or control totals as required by Ark. Code Ann. § 14-59-107. A similar finding was issued 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 that reads "Roger A. Norman".

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

Little Rock, Arkansas
September 7, 2023
LOM301022

TOWN OF AVOCA, 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	\$ 415,072	\$ 630,595
Receipts:		
State aid	7,265	42,046
Federal aid		53,556
Property taxes	35,603	8,644
Franchise fees	13,752	
Sales taxes	270,142	
Interest	1,872	3,502
Local permits and fees	5,900	
Other	45,575	
Transfers in	12,000	146,955
Total Receipts	392,109	254,703
Disbursements:		
General government	342,188	
Highways and streets		69,413
Transfers out	125,709	33,246
Total Disbursements	467,897	102,659
Cash Balance, December 31, 2022	\$ 339,284	\$ 782,639

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

Schedule 2

	<u>Street</u>	<u>American Rescue Plan Act</u>	<u>Total</u>
Cash Balance, January 1, 2022	\$ 576,985	\$ 53,610	\$ 630,595
Receipts:			
State aid	42,046		42,046
Federal aid		53,556	53,556
Property taxes	8,644		8,644
Interest	3,336	166	3,502
Transfers in	146,955		146,955
Total Receipts	<u>200,981</u>	<u>53,722</u>	<u>254,703</u>
Disbursements:			
Highways and streets	69,413		69,413
Transfers out		33,246	33,246
Total Disbursements	<u>69,413</u>	<u>33,246</u>	<u>102,659</u>
Cash Balance, December 31, 2022	<u>\$ 708,553</u>	<u>\$ 74,086</u>	<u>\$ 782,639</u>

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

Schedule 3

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2021	\$ 496,538	\$ 572,754
Receipts:		
State aid	7,935	40,205
Federal aid		53,556
Property taxes	41,900	7,963
Franchise fees	11,616	
Sales taxes	277,807	
Interest	1,314	1,848
Local permits and fees	9,779	
Donations	18,645	
Other	19,556	
Transfers in		122,666
Total Receipts	<u>388,552</u>	<u>226,238</u>
Disbursements:		
General government	347,352	
Highways and streets		168,397
Transfers out	122,666	
Total Disbursements	<u>470,018</u>	<u>168,397</u>
Cash Balance, December 31, 2021	<u>\$ 415,072</u>	<u>\$ 630,595</u>

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

Schedule 4

	<u>Street</u>	<u>American Rescue Plan Act</u>	<u>Total</u>
Cash Balance, January 1, 2021	<u>\$ 572,754</u>		<u>\$ 572,754</u>
Receipts:			
State aid	40,205		40,205
Federal aid		\$ 53,556	53,556
Property taxes	7,963		7,963
Interest	1,794	54	1,848
Transfers in	<u>122,666</u>		<u>122,666</u>
Total Receipts	<u>172,628</u>	<u>53,610</u>	<u>226,238</u>
Disbursements:			
Highways and streets	<u>168,397</u>		<u>168,397</u>
Cash Balance, December 31, 2021	<u><u>\$ 576,985</u></u>	<u><u>\$ 53,610</u></u>	<u><u>\$ 630,595</u></u>

TOWN OF AVOCA, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Schedule 5

	General Fund	Special Revenue Fund (Street)
	<u> </u>	<u> </u>
Cash Balance, January 1, 2020	\$ 454,698	\$ 491,281
Receipts:		
State aid	7,240	36,839
Property taxes	40,332	7,665
Franchise fees	12,168	
Sales taxes	244,136	
Interest	3,878	4,505
Local permits and fees	5,925	
Private grant	85,261	
Other	25,199	168
Transfers in		116,855
Unclassified	470	
Total Receipts	<u>424,609</u>	<u>166,032</u>
Disbursements:		
General government	265,914	
Highways and streets		84,559
Transfers out	116,855	
Total Disbursements	<u>382,769</u>	<u>84,559</u>
Cash Balance, December 31, 2020	<u>\$ 496,538</u>	<u>\$ 572,754</u>

TOWN OF AVOCA, ARKANSAS
 OTHER INFORMATION
 FOR THE YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020
 (UNAUDITED)

Schedule 6

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 Fund and General Fund Money Market

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

	December 31, 2022	December 31, 2021	December 31, 2020
Land	\$ 189,578	\$ 189,578	\$ 189,578
Buildings	397,842	397,842	397,842
Improvements	224,939	224,939	224,939
Equipment	268,663	222,094	191,438
Totals	\$ 1,081,022	\$ 1,034,453	\$ 1,003,797

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

	December 31, 2022	December 31, 2021
American Rescue Plan Act (ARPA)	\$ 53,556	\$ 53,556