

**Town of Perla, Arkansas**

**Financial and Compliance Report**

**December 31, 2022 and 2021**

LEGISLATIVE JOINT AUDITING COMMITTEE

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TOWN OF PERLA, ARKANSAS  
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# Arkansas

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**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 Perla, 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 Perla, Arkansas, as of and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated August 10, 2023. These procedures were not performed for the Water and Sewer Department. Management of the Town is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The findings/commentary contained in this section relates to the following officials who held office during 2022 and 2021:

Mayor: Raymond Adams  
Recorder/Treasurer: Johnnie Willis

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.

During our evaluation, noncompliance with state law and accepted accounting practices was noted in the office of **Mayor**.

#### **Mayor**

In 2022, Street Fund disbursements exceeded appropriated amounts by \$23,966 (161%) in noncompliance with Ark. Code Ann. § 14-58-203.

We noted in the August 14, 2017 minutes that the Town Council approved a \$110,000 loan of Reuse grant funds to the City Water and Sewer Department. We recommend the city seek legal counsel to determine whether this meets Reuse grant guidelines. A similar finding was issued in the prior four reports.

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

Handwritten signature of Roger A. Norman in black ink.

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

Little Rock, Arkansas  
August 10, 2023  
LOM312522

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

Schedule 1

	General Fund	Special Revenue Funds
	<u>          </u>	<u>          </u>
Cash Balance, January 1, 2022	\$ 52,042	\$ 255,153
Receipts:		
State aid	3,834	22,188
Federal aid	25,587	
Property taxes	12,576	9,438
Franchise fees	5,319	
Sales taxes	76,286	
Interest	57	116
Sale of land	15,000	
Transfers in		20,000
Total Receipts	<u>138,659</u>	<u>51,742</u>
Disbursements:		
General government	63,330	45
Highways and streets		38,866
Public safety	720	19,222
Sanitation	17,872	
Water and sewer	300	
Transfers out	20,000	
Total Disbursements	<u>102,222</u>	<u>58,133</u>
Cash Balance, December 31, 2022	<u>\$ 88,479</u>	<u>\$ 248,762</u>

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

Schedule 2

	<u>Street</u>	<u>Fire Department Special Act 833</u>	<u>Re-Use</u>	<u>Total</u>
Cash Balance, January 1, 2022	\$ 152,699	\$ 436	\$ 102,018	\$ 255,153
Receipts:				
State aid	22,188			22,188
Property taxes	9,438			9,438
Interest	68		48	116
Transfers in		20,000		20,000
Total Receipts	<u>31,694</u>	<u>20,000</u>	<u>48</u>	<u>51,742</u>
Disbursements:				
General government			45	45
Highways and streets	38,866			38,866
Public safety		19,222		19,222
Total Disbursements	<u>38,866</u>	<u>19,222</u>	<u>45</u>	<u>58,133</u>
Cash Balance, December 31, 2022	<u>\$ 145,527</u>	<u>\$ 1,214</u>	<u>\$ 102,021</u>	<u>\$ 248,762</u>

TOWN OF PERLA, 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	\$ 20,498	\$ 234,291
Receipts:		
State aid	3,967	20,187
Federal aid	25,587	
Property taxes	12,192	9,214
Franchise fees	6,056	
Sales taxes	76,780	
Interest	45	119
Other	1,250	
Total Receipts	<u>125,877</u>	<u>29,520</u>
Disbursements:		
General government	58,152	60
Highways and streets		8,538
Public safety	6,330	60
Sanitation	15,829	
Water and sewer	14,022	
Total Disbursements	<u>94,333</u>	<u>8,658</u>
Cash Balance, December 31, 2021	<u>\$ 52,042</u>	<u>\$ 255,153</u>

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

Schedule 4

	<u>Street</u>	<u>Fire Department Special Act 833</u>	<u>Re-Use</u>	<u>Total</u>
Cash Balance, January 1, 2021	\$ 131,767	\$ 496	\$ 102,028	\$ 234,291
Receipts:				
State aid	20,187			20,187
Property taxes	9,214			9,214
Interest	69		50	119
Total Receipts	<u>29,470</u>		<u>50</u>	<u>29,520</u>
Disbursements:				
General government			60	60
Highways and streets	8,538			8,538
Public safety		60		60
Total Disbursements	<u>8,538</u>	<u>60</u>	<u>60</u>	<u>8,658</u>
Cash Balance, December 31, 2021	<u>\$ 152,699</u>	<u>\$ 436</u>	<u>\$ 102,018</u>	<u>\$ 255,153</u>

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

1. Cash balances on the Financial Schedules include demand accounts and certificates of deposit.

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

	December 31, 2022	December 31, 2021
Land		\$ 12,573
Equipment	\$ 125,668	118,275
Totals	\$ 125,668	\$ 130,848

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

	December 31, 2022	December 31, 2021
Notes Payable	\$ 3,425	\$ 3,425
	\$ 3,425	\$ 3,425

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)	\$ 25,587	\$ 25,587
	\$ 25,587	\$ 25,587

The American Rescue Plan Act funds received were deposited to and reported in the General Fund for 2021 and 2022.

5. Water and Sewer Department

The Water and Sewer Department, not included in this report, was placed in receivership of Central Arkansas Water by the Hot Spring County Circuit Court on December 9, 2021.