

City of Portland, Arkansas

Financial and Compliance Report

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF PORTLAND, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2023

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Arkansas

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Kevin William White, CPA, JD
Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

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 year ended December 31, 2023, and have issued our report thereon dated December 30, 2024. 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 relate to the following officials who held office during 2023:

Mayor: Thomas Frazer
Recorder/Treasurer: Amber Spaulding
Police Chief: C.J. Riordan

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

- 1) The City was in noncompliance with Ark. Code Ann. §§ 14-58-202, -203 as noted below:
 - General Fund disbursements exceeded budgeted appropriations by \$325,354 (133%).
 - Street Fund disbursements exceeded budgeted appropriations by \$54,840 (170%).
 - Budgets were not adopted by ordinance or resolution. A similar finding was issued in the prior three reports.
- 2) The City determined an employee used the City's fuel card to make unauthorized purchases totaling \$778. The employee, Kordale Brown, pled guilty to one count of theft of property and was ordered to pay restitution of \$770.

Recorder/Treasurer

During review of disbursements, it came to our attention that the City paid 5 Council Members and 11 Volunteer Firefighters a total of \$2,700 and \$5,977, respectively, as contract laborers instead of employees, in noncompliance with Internal Revenue Service guidelines. A similar finding was noted in the prior two reports.

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 black ink, appearing to read "Kevin White" with a stylized flourish at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
December 30, 2024
LOM215723

CITY OF PORTLAND, ARKANSAS
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2023	\$ 270,087	\$ 89,819
Receipts:		
State aid	4,941	41,415
Property taxes	38,807	4,530
Franchise fees	18,519	
Sales taxes	183,042	
Fines, forfeitures, and costs	25,449	
Interest	20	
Mosquito fees	10,815	
Other	6,933	730
Contribution from water department	48,507	
Total Receipts	<u>337,033</u>	<u>46,675</u>
Disbursements:		
General government	188,186	
Law enforcement	117,230	
Highways and streets		76,906
Public safety	8,060	11,730
Sanitation	29,741	
Health	13,025	
Wastewater	117,556	
Debt service		10,233
Contribution to water department	75,646	
Total Disbursements	<u>549,444</u>	<u>98,869</u>
Cash Balance, December 31, 2023	<u>\$ 57,676</u>	<u>\$ 37,625</u>

CITY OF PORTLAND, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

Schedule 2

	<u>Street</u>	<u>Fire Equipment and Training (Act 833)</u>	<u>Total</u>
Cash Balance, January 1, 2023	\$ 70,587	\$ 19,232	\$ 89,819
Receipts:			
State aid	27,416	13,999	41,415
Property taxes	4,530		4,530
Other		730	730
Total Receipts	<u>31,946</u>	<u>14,729</u>	<u>46,675</u>
Disbursements:			
Highways and streets	76,906		76,906
Public safety		11,730	11,730
Debt service	10,233		10,233
Total Disbursements	<u>87,139</u>	<u>11,730</u>	<u>98,869</u>
Cash Balance, December 31, 2023	<u>\$ 15,394</u>	<u>\$ 22,231</u>	<u>\$ 37,625</u>

CITY OF PORTLAND, ARKANSAS
 OTHER INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (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, Sales Tax, Mosquito, Park, and Portland Justice
3. The Municipality's capital assets records are summarized below:

	December 31, 2023
Land	\$ 243,320
Buildings	555,845
Equipment	583,006
Total	\$ 1,382,171

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

	December 31, 2023
Financed purchases	\$ 17,409

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