City of Rockport, Arkansas

Financial and Compliance Report

December 31, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE

LEGISLATIVE AUDIT
ARKANSAS

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Financial and Compliance Report

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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 Rockport, Arkansas, as of and for the year ended December 31, 2024, and have issued our report thereon dated April 29, 2026. These procedures were not performed for the 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 2024:

Mayor: Kevin Baker
Recorder/Treasurer: Shira Kelley (resigned November 19, 2025)
District Court Clerks: Darlene Shockey
Sylvia Orrell (appointed October 15, 2024)
Joyce Ankrum (resigned September 20, 2024)
Police Chief: Toby Morales

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 **District Court Clerk.**

Mayor

In March 2024, the City disbursed $5,000 to the Police Chief, who stated this amount was for "comp time" earned. However, the City does not have a policy regarding paying officers for comp time. The Police Chief's comp time balance decreased in March 2024, after the City disbursed payment, and returned to the prior balance in April 2024, when the Police Chief reimbursed the City $5,000 in cash, which was deposited in the General Fund. City personnel indicated that the Mayor and a Council member authorized the payment to the Police Chief; however, authorization was not documented in Council meeting minutes. This transaction appears to conflict with Ark. Const. art. 12, §5, which prohibits cities from loaning credit to any individual.

A review of disbursements revealed that supporting documentation was not maintained for the following disbursements, in noncompliance with Ark. Code Ann. § 14-59-105:

- $3,848 (12%) of disbursements in 2024. Due to a lack of documentation, the validity and propriety of these disbursements could not be determined. A similar finding was noted in the previous report.
- $823 (3%) of disbursements in 2024 to vendors that appear to be for a legitimate business purpose; however, supporting documentation was not available.

Accounting procedures for municipalities are set forth in Ark. Code Ann. §§ 14-59-101 – 14-59-119. The City was in noncompliance with these codes and other accounting procedures as noted below:

- Bank accounts were not reconciled. A similar finding was noted in the previous two reports.
- Prenumbered receipts were not issued for all funds received. A similar finding was noted in the previous two reports.
- Cash receipts journals were not properly maintained to include all receipts and were not reconciled to total deposits per bank. A similar finding was noted in the previous two reports.
- Cash disbursements journals were not properly maintained to include all disbursements and were not reconciled to total disbursements per bank. A similar finding was noted in the previous two reports.
- Annual financial statements were not prepared and posted.
- Monthly financial reports were not submitted to the City Council.

District Court Clerk

The District Court Clerk was in noncompliance with Ark. Code Ann. § 16-10-209 and proper accounting procedures as noted below:

- Bank reconciliations were not properly prepared. A similar finding was issued in the previous two reports.
- Cash receipts journals were not properly maintained to include all receipts and were not reconciled to total deposits per bank. A similar finding was issued in the previous report.
- Bond and fine receipts were not deposited in a timely manner. A similar finding was noted in the previous report.
- The remaining balance in the District Court account was not identified with cases not yet adjudicated. The ending cash balance was less than the receipts identified by $15,077 (49%). Additionally, we noted that bonds pending reconciliations were not performed in a timely manner and that monthly settlement checks exceeded Virtual Justice settlement reports for 10 of 12 months tested.

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

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
April 29, 2026
LOM216624

Schedule 1

CITY OF ROCKPORT, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2024	$ 29,326	$ 20,990
Receipts:		
State aid	10,053	55,588
Property taxes	47,668	11,543
Franchise fees	36,425	
Sales taxes	263,663	
Fines, forfeitures, and costs	175,862	47,585
Interest	8	6
Other	12,671	
Unclassified	102,926	23,705
Total Receipts	649,276	138,427
Disbursements:		
General government	44,881	
Law enforcement	74,911	26,880
Highways and streets	4,586	58,891
Public safety	8,371	
Sanitation	20,524	
Debt service	8,195	16,848
Unclassified	479,437	11,015
Total Disbursements	640,905	113,634
Cash Balance, December 31, 2024	$ 37,697	$ 45,783

CITY OF ROCKPORT, ARKANSAS
COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Schedule 2

	Street	Judicial Fine Enhancement	No Liability Insurance	Jail Fund	Municipal Building	American Rescue Plan Act	City and Street Repairs	City Court Fines	Total
Cash Balance, January 1, 2024	$ 8,938	$ 4,442	$ 523	$ 3,512	$ 1,080	$ 15	$ 200	$ 2,280	$ 20,990
Receipts:									
State aid	55,588								55,588
Property taxes	11,543								11,543
Fines, forfeitures, and costs		4,239	15,337	27,283	726				47,585
Interest	6								6
Unclassified	3,979	125	10,347	2,005			4,749	2,500	23,705
Total Receipts	71,116	4,364	25,684	29,288	726		4,749	2,500	138,427
Disbursements:									
Law enforcement		3,708		22,891				281	26,880
Highways and streets	58,891								58,891
Debt service			13,787					3,061	16,848
Unclassified			6,893			15	4,107		11,015
Total Disbursements	58,891	3,708	20,680	22,891		15	4,107	3,342	113,634
Cash Balance, December 31, 2024	$ 21,163	$ 5,098	$ 5,527	$ 9,909	$ 1,806	$ 0	$ 842	$ 1,438	$ 45,783

CITY OF ROCKPORT, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

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 and Parks and Recreation

3. The cash balance at year-end in the custodial fund is as follows:

	December 31, 2024
Police Bond and Fine	$ 30,922

This balance represent fines, forfeitures, and costs that have not been transferred to the appropriate entities.

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

	December 31, 2024
Land	$ 189,000
Buildings	32,218
Equipment	473,741
Total	$ 694,959

5. The outstanding balances at year-end for long-term liabilities is as follows:

	December 31, 2024
Financed purchases	$ 125,647