

City of Gould, Arkansas

Financial and Compliance Report

December 31, 2021 and 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF GOULD, ARKANSAS
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FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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Arkansas

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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Gould, 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 Gould, Arkansas, as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated August 15, 2023. These procedures were not performed for the Water and Sewer Fund. 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 relates to the following officials who held office during 2021 and 2020:

Mayor: Matthew Smith
Recorder/Treasurer: Sheila Mangrum Smith
District Court Clerk: Tamera Irons (January 6, 2020 – June 30, 2021)
Jennifer Gannaway (hired July 1, 2021)
Police Chief: Kenneth Tillman

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 the **Mayor** and **Recorder/Treasurer**.

Mayor

Council minutes indicated a budget was adopted, however, a copy of the budget was not provided for 2021; therefore we were unable to compare appropriations to disbursements.

The City did not provide multiple items of original documentation from 2021 and 2020 that we requested in June 2022. Throughout the engagement, we continued to request the missing documentation, as well as additional records determined to be relevant. On numerous occasions, we were informed, after established deadlines, that all requested items were available, only to receive a portion of them. These delays hindered our ability to complete the engagement timely.

Recorder/Treasurer

Accounting procedures for municipalities are set forth in Ark. Code Ann. §§ 14-59-101 - 14-59-119. The City was not in compliance with these codes and other proper accounting procedures as noted below:

- Cash receipts journals were not properly maintained to include all receipts and were not reconciled to total deposits per bank.
- Cash disbursements journals were not properly maintained to include all disbursements and were not reconciled to total disbursements per bank.
- Bank accounts were not reconciled properly.
- Bank reconciliations were not approved by someone other than the preparer.
- Prenumbered receipts were not issued for all funds received.
- Receipts were not always issued in sequential order.
- Receipt books were not properly maintained.
- Prenumbered checks were not issued for all disbursements.
- Checks were not issued in sequential order.
- Duplicate check numbers were issued in the General Fund.
- Checks did not always have signatures of two (2) authorized disbursing officers.
- Invoices and supporting documentation were not provided for 17 of 35 tested disbursements in 2021 and 18 of 35 tested disbursement in 2020 of \$29,799 and \$14,511, respectively.

Recorder/Treasurer (Continued)

- A fixed asset listing was established but did not include cost values for all assets listed, deletions, control totals, and identification numbers when applicable. Also, the listing contained items with values below the minimum amount prescribed by the City's fixed asset policy.
- The City's posted annual financial statement did not include all of the City's receipts and disbursements by fund and the City's indebtedness.

Similar issues were noted in the prior three reports dating back to 2017.

Mayor and Recorder/Treasurer

1. Restricted Street Fund monies were spent in a manner inconsistent with Ark. Code Ann. § 27-70-207 for 2021 and 2020 of \$2,800 and \$1,709, respectively. Additionally, adequate supporting documentation was not maintained for a transfer of \$332 from Street Fund to General Fund in 2020.
2. In testing 2021 and 2020 payroll records we noted the following:
 - No budget was provided for 2021; therefore, we were unable to determine the authorized salary for the payroll preparer and mayor.
 - Documentation of the hourly rate of pay was not maintained for one employee selected for testing in 2020.

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



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

Little Rock, Arkansas
August 15, 2023

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

Schedule 1

	General Fund	Special Revenue Funds	Capital Projects Funds
Cash Balance, January 1, 2021	\$ 103,485	\$ 125,250	\$ 200
Receipts:			
State aid	13,111	83,811	
Federal aid		75,000	124,754
Property taxes	9,896	12,430	
Franchise fees	24,563		
Sales taxes	252,838		
Fines, forfeitures, and costs	177,878	11,972	
Local permits and fees	275		
Sanitation fees	55,612		
Water and sewer	1,660		
Other	813	801	
Transfers in	4,870	1,800	32,929
Total Receipts	<u>541,516</u>	<u>185,814</u>	<u>157,683</u>
Disbursements:			
General government	171,203	55,093	112,489
Law enforcement	211,772	14,293	
Highways and streets	15,963	86,575	
Public safety	5,705	2,454	40,524
Sanitation	70,448		
Debt service	21,195	3,699	
Water and sewer	1,660		
Contributions to water	2,748		
Transfers out	34,729		4,870
Total Disbursements	<u>535,423</u>	<u>162,114</u>	<u>157,883</u>
Cash Balance, December 31, 2021	<u>\$ 109,578</u>	<u>\$ 148,950</u>	<u>\$ 0</u>

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

Schedule 2

	Street	Disaster	Fire Department	Police Account	Prisoner Maintenance	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 25,929	\$ 15,936	\$ 70,351	\$ 151	\$ 12,883		\$ 125,250
Receipts:							
State aid	65,499		18,312				83,811
Federal aid						\$ 75,000	75,000
Property taxes	7,404		5,026				12,430
Fines, forfeitures, and costs				2,362	9,610		11,972
Other	661			140			801
Transfers in	1,500			300			1,800
Total Receipts	<u>75,064</u>		<u>23,338</u>	<u>2,802</u>	<u>9,610</u>	<u>75,000</u>	<u>185,814</u>
Disbursements:							
General government	1,500					53,593	55,093
Law enforcement				2,881	11,412		14,293
Highways and streets	86,575						86,575
Public safety			2,454				2,454
Debt service	1,233		1,233		1,233		3,699
Total Disbursements	<u>89,308</u>		<u>3,687</u>	<u>2,881</u>	<u>12,645</u>	<u>53,593</u>	<u>162,114</u>
Cash Balance, December 31, 2021	<u>\$ 11,685</u>	<u>\$ 15,936</u>	<u>\$ 90,002</u>	<u>\$ 72</u>	<u>\$ 9,848</u>	<u>\$ 21,407</u>	<u>\$ 148,950</u>

CITY OF GOULD, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (UNAUDITED)

Schedule 3

	<u>Fire Protection</u>	<u>Fire/City Hall USDA</u>	<u>Total</u>
Cash Balance, January 1, 2021	\$ 100	\$ 100	\$ 200
Receipts:			
Federal aid	40,524	84,230	124,754
Transfers in	<u>32,929</u>	<u>32,929</u>	<u>32,929</u>
Total Receipts	<u>40,524</u>	<u>117,159</u>	<u>157,683</u>
Disbursements:			
General government		112,489	112,489
Public safety	40,524		40,524
Transfers out	<u>100</u>	<u>4,770</u>	<u>4,870</u>
Total Disbursements	<u>40,624</u>	<u>117,259</u>	<u>157,883</u>
Cash Balance, December 31, 2021	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

Schedule 4

	General Fund	Special Revenue Funds	Capital Projects Funds
	<u> </u>	<u> </u>	<u> </u>
Cash Balance, January 1, 2020	\$ 45,539	\$ 118,451	
Receipts:			
State aid	12,419	82,505	
Federal aid	33,087		\$ 85,366
Property taxes	10,033	13,595	
Franchise fees	24,510		
Sales taxes	233,528		
Fines, forfeitures, and costs	172,753	13,103	
Local permits and fees	100		
Fire dues		39	
Sanitation fees	52,786		
Water and sewer	1,660		
Other	429	999	
Transfers in		177	19,750
Total Receipts	<u>541,305</u>	<u>110,418</u>	<u>105,116</u>
Disbursements:			
General government	138,080		70,770
Law enforcement	205,023	9,211	
Highways and streets	29,262	75,140	
Public safety	4,630	19,268	34,146
Sanitation	55,228		
Recreation and culture	30		
Debt service	22,839		
Water and sewer	1,660		
Contributions to water	4,750		
Transfers out	19,927		
Unclassified	1,930		
Total Disbursements	<u>483,359</u>	<u>103,619</u>	<u>104,916</u>
Cash Balance, December 31, 2020	<u>\$ 103,485</u>	<u>\$ 125,250</u>	<u>\$ 200</u>

CITY OF GOULD, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (UNAUDITED)

Schedule 5

	Street	Disaster	Fire Department	Police Account	Prison Maintenance	Total
Cash Balance, January 1, 2020	\$ 29,665	\$ 15,936	\$ 63,938	\$ 59	\$ 8,853	\$ 118,451
Receipts:						
State aid	63,186		19,319			82,505
Property taxes	7,292		6,303			13,595
Fines, forfeitures, and costs				4,393	8,710	13,103
Fire dues			39			39
Other	749		20	230		999
Transfers in	177					177
Total Receipts	<u>71,404</u>		<u>25,681</u>	<u>4,623</u>	<u>8,710</u>	<u>110,418</u>
Disbursements:						
Law enforcement				4,531	4,680	9,211
Highways and streets	75,140					75,140
Public safety			19,268			19,268
Transfers out						
Total Disbursements	<u>75,140</u>		<u>19,268</u>	<u>4,531</u>	<u>4,680</u>	<u>103,619</u>
Cash Balance, December 31, 2020	<u>\$ 25,929</u>	<u>\$ 15,936</u>	<u>\$ 70,351</u>	<u>\$ 151</u>	<u>\$ 12,883</u>	<u>\$ 125,250</u>

CITY OF GOULD, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (UNAUDITED)

Schedule 6

	<u>Fire Protection</u>	<u>Fire/City Hall USDA</u>	<u>Total</u>
Cash Balance, January 1, 2020			
Receipts:			
Federal aid	\$ 34,146	\$ 51,220	\$ 85,366
Transfers in	<u>100</u>	<u>19,650</u>	<u>19,750</u>
Total Receipts	<u>34,246</u>	<u>70,870</u>	<u>105,116</u>
Disbursements:			
General government		70,770	70,770
Public safety	<u>34,146</u>		<u>34,146</u>
Total Disbursements	<u>34,146</u>	<u>70,770</u>	<u>104,916</u>
Cash Balance, December 31, 2020	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 200</u>

CITY OF GOULD, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(UNAUDITED)

Schedule 7

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 City Hall Building Funds

3. Cash balances at year-end in the custodial fund are as follows:

	December 31, 2021	December 31, 2020
District Court	\$ 50,796	\$ 42,310

These balances 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, 2021	December 31, 2020
Land and Buildings	\$ 257,800	\$ 257,800
Equipment	65,485	65,485
Totals	\$ 323,285	\$ 323,285

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

	December 31, 2021	December 31, 2020
Leases payable	\$ 33,510	\$ 47,250
Notes payable		4,565
Totals	\$ 33,510	\$ 51,815

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

	December 31, 2021	December 31, 2020
Coronavirus Aid, Relief and Economic Security Act (CARES)		\$ 33,087
American Rescue Plan Act (ARPA)	\$ 75,000	
Totals	\$ 75,000	\$ 33,087