

# **City of Gould, Arkansas**

## **Financial and Compliance Report**

**December 31, 2022**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF GOULD, ARKANSAS  
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FOR THE YEAR ENDED DECEMBER 31, 2022

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# Arkansas

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**Roger A. Norman, JD, CPA, CFE, CFF**  
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 year ended December 31, 2022, and have issued our report thereon dated November 13, 2023. 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 2022:

Mayor: Mathew Smith  
Recorder/Treasurer: Shelia Mangrum Smith  
District Court Clerk: Jennifer Gannaway  
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 **Mayor, Recorder/Treasurer, and Police Chief.**

#### **Mayor and Recorder/Treasurer**

The City paid \$2,047 for a sign to be displayed outside City Hall to memorialize the death of a city employee, in apparent conflict with the "public purpose" doctrine as interpreted by the Attorney General in Op. Att'y Gen. no. 91-410.

#### **Recorder/Treasurer**

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 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.
- Receipt books were not properly maintained.
- Receipts were not always issued in sequential order.
- Checks did not always have signatures of two (2) disbursing officers.
- Checks were not issued in sequential order.
- Duplicate check numbers were issued in the General Fund.
- Invoices and supporting documentation were not provided for 11 of 25 disbursements tested totaling \$25,134 (55%).
- A fixed asset listing was established but did not include cost values for all assets listed, deletions, control totals, and identification number when applicable.
- Electronic Funds Transactions were used, but no written policies and procedures exist to provide for internal controls and documentation for audit and accounting purposes giving consideration to the information system best practices approved by the Legislative Joint Auditing Committee.

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

**Recorder/Treasurer (Continued)**

The City paid an individual \$11,985 for demolition services and gravel delivery; however, did not issue Internal Revenue Service Form 1099.

**Police Chief**

The Police Chief did not provide a ticket book log in a timely manner, in noncompliance with Ark. Code Ann § 16-10-205, therefore total books issued we could not determine.

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  
November 13, 2023  
LOM206622

CITY OF GOULD, 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	\$ 109,578	\$ 148,950
Receipts:		
State aid	9,891	83,278
Federal aid		74,999
Property taxes	9,611	11,962
Franchise fees	888	17,830
Sales taxes	267,911	
Fines, forfeitures, and costs	173,318	12,318
Local permits and fees	100	
Sanitation fees	50,629	
Other	3,559	628
Unclassified	90,245	8,201
Total Receipts	<u>606,152</u>	<u>209,216</u>
Disbursements:		
General government	178,055	1,000
Law enforcement	217,979	29,951
Highways and streets	88,925	94,465
Public safety	4,490	26,050
Sanitation	60,224	
Social services	660	10,783
Wastewater		4,207
Debt service	38,280	
Unclassified	26,129	12,526
Total Disbursements	<u>614,742</u>	<u>178,982</u>
Cash Balance, December 31, 2022	<u>\$ 100,988</u>	<u>\$ 179,184</u>

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

Schedule 2

	Street	Disaster	Fire Department	Police Account	Prisoner Maintenance	American Rescue Plan	Total
Cash Balance, January 1, 2022	\$ 11,685	\$ 15,936	\$ 90,002	\$ 72	\$ 9,848	\$ 21,407	\$ 148,950
Receipts:							
State aid	63,322		19,956				83,278
Federal aid						74,999	74,999
Property taxes	7,213		4,749				11,962
Franchise fees	17,830						17,830
Fines, forfeitures, and costs				3,043	9,275		12,318
Other	335			293			628
Unclassified	8,107		94				8,201
Total Receipts	<u>96,807</u>		<u>24,799</u>	<u>3,336</u>	<u>9,275</u>	<u>74,999</u>	<u>209,216</u>
Disbursements:							
General government						1,000	1,000
Law enforcement	5,000			3,280	11,171	10,500	29,951
Highways and streets	91,065					3,400	94,465
Public safety			18,550			7,500	26,050
Social services						10,783	10,783
Wastewater						4,207	4,207
Unclassified						12,526	12,526
Total Disbursements	<u>96,065</u>		<u>18,550</u>	<u>3,280</u>	<u>11,171</u>	<u>49,916</u>	<u>178,982</u>
Cash Balance, December 31, 2022	<u>\$ 12,427</u>	<u>\$ 15,936</u>	<u>\$ 96,251</u>	<u>\$ 128</u>	<u>\$ 7,952</u>	<u>\$ 46,490</u>	<u>\$ 179,184</u>

CITY OF GOULD, ARKANSAS  
OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand accounts.

2. The cash balance at year-end in the custodial funds is as follows:

	December 31, 2022
District Court	\$ 46,203

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

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

	December 31, 2022
Land & Buildings	\$ 257,800
Equipment	<u>203,720</u>
Total	<u>\$ 461,520</u>

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

	December 31, 2022
American Rescue Plan Act (ARPA)	<u>\$ 74,999</u>