

City of Gould, Arkansas

Financial and Compliance Report

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF GOULD, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Financial and Compliance Report

	<u>Schedule</u>
Schedule of Financial Information (Unaudited)	1
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	2
Other Information (Unaudited)	3

Arkansas

Sen. David Wallace
Senate Chair
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

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, 2023, and have issued our report thereon dated May 9, 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: Hazel Pruitt
Recorder/Treasurer: Shelia Mangrum Smith
District Court Clerk: Jennifer Gannaway
Police Chief/Marshal: 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** and **Recorder/Treasurer**.

Mayor

Council minutes were not provided for the November and December 2023 council meetings in timely manner; therefore, we could not verify review of prior year report or documentation of action taken by the governing body, as required by Ark. Code Ann. § 10-4-418. Subsequently, council minutes were provided after the completion of the engagement fieldwork. We also noted that minutes for 2023 were not signed by the Mayor for approval.

Mayor and 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.
- Prenumbered checks were not issued for all disbursements.
- Bank accounts were not reconciled properly.
- Bank reconciliations were not approved by someone other than the preparer.
- Receipt books were not properly maintained.
- Receipts were not always issued in sequential order.
- Invoices and supporting documentation were not provided for 7 of 25 disbursements tested totaling \$11,712 (48%).
- 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.

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 cursive script, reading "Roger A. Norman".

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

Little Rock, Arkansas
May 9, 2024
LOM206623

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

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2023	\$ 100,988	\$ 179,184
Receipts:		
State aid	10,080	77,879
Property taxes	10,710	13,241
Franchise fees	7,328	18,985
Sales taxes	258,381	
Fines, forfeitures, and costs	136,895	12,105
Sanitation fees	58,623	
Other	1,712	5,900
Transfers in	1,465	8,452
Unclassified	42,394	51
Total Receipts	<u>527,588</u>	<u>136,613</u>
Disbursements:		
General government	162,134	417
Law enforcement	212,101	8,890
Highways and streets	2,967	66,611
Public safety	1,840	9,862
Sanitation	60,568	
Social services	100	
Transfers out	7,266	2,651
Unclassified	19,440	
Total Disbursements	<u>466,416</u>	<u>88,431</u>
Cash Balance, December 31, 2023	<u>\$ 162,160</u>	<u>\$ 227,366</u>

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

Schedule 2

	Street	Disaster	Fire Department	Police Account	Prisoner Maintenance	American Rescue Plan Act	Total
Cash Balance, January 1, 2023	\$ 12,427	\$ 15,936	\$ 96,251	\$ 128	\$ 7,952	\$ 46,490	\$ 179,184
Receipts:							
State aid	55,929		21,950				77,879
Property taxes	8,041		5,200				13,241
Franchise fees	18,985						18,985
Fines, forfeitures, and costs				5,200	6,905		12,105
Other	600		2,620	180	2,500		5,900
Transfers in	5,336			574	2,542		8,452
Unclassified			51				51
Total Receipts	<u>88,891</u>		<u>29,821</u>	<u>5,954</u>	<u>11,947</u>		<u>136,613</u>
Disbursements:							
General government						417	417
Law enforcement				950	7,940		8,890
Highways and streets	66,611						66,611
Public safety			9,862				9,862
Transfers out			2,651				2,651
Total Disbursements	<u>66,611</u>		<u>12,513</u>	<u>950</u>	<u>7,940</u>	<u>417</u>	<u>88,431</u>
Cash Balance, December 31, 2023	<u>\$ 34,707</u>	<u>\$ 15,936</u>	<u>\$ 113,559</u>	<u>\$ 5,132</u>	<u>\$ 11,959</u>	<u>\$ 46,073</u>	<u>\$ 227,366</u>

CITY OF GOULD, 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 cash balance at year-end in the custodial fund is as follows:

	<u>December 31, 2023</u>
District Court	\$ 39,841

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

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

	<u>December 31, 2023</u>
Land & Buildings	\$ 257,800
Equipment	<u>203,720</u>
Total	<u><u>\$ 461,520</u></u>