

Town of Gilbert, Arkansas

Financial and Compliance Report

December 31, 2022 and 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF GILBERT, ARKANSAS
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FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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Arkansas

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Senate Vice Chair



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

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

Town of Gilbert, 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 Town of Gilbert, Arkansas, as of and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated December 7, 2023. Management of the Town 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 and 2021:

Mayor: Alvin Chip Johnson
Recorder/Treasurer: Jim Clontz (Resigned August 24, 2021)

We evaluated the Town'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

General Fund expenditures exceeded appropriated amounts by \$4,486 (33%) and \$18,688 (119%), in 2022 and 2021, respectively, in noncompliance with Ark. Code Ann. § 14-58-203. Additionally, Street Fund expenditures exceeded appropriated amounts by \$1,189 (48%) in 2021.

Mayor and Recorder/Treasurer

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

- Invoices and supporting documentation were not provided for disbursements.
- Electronic funds transfers (EFTs) transactions were noted without an authorizing ordinance with written policies and procedures approved by the governing body.
- Payroll records were not provided.
- A detailed fixed asset listing was not provided.
- Bank reconciliations were not prepared for bank accounts. A similar finding was noted in the prior report.
- Prenumbered receipts were not issued for all funds received.
- Cash receipts and disbursements journals were not provided.
- The Recorder/Treasurer did not submit to the council a monthly financial report.
- Annual financial statements were not posted.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local Town 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 that reads "Roger A. Norman".

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

Little Rock, Arkansas
December 7, 2023
LOM306722

TOWN OF GILBERT, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2022	\$ 75,435	\$ 25,032
	<u> </u>	<u> </u>
Receipts:		
State aid	388	2,245
Federal aid		2,693
Property taxes	2,308	1,830
Franchise fees	1,832	
Sales taxes	14,394	
Interest	29	21
Total Receipts	<u>18,951</u>	<u>6,789</u>
	<u> </u>	<u> </u>
Disbursements:		
General government	15,365	
Highways and streets		215
Public safety	253	
Sanitation	2,368	
Total Disbursements	<u>17,986</u>	<u>215</u>
	<u> </u>	<u> </u>
Cash Balance, December 31, 2022	<u>\$ 76,400</u>	<u>\$ 31,606</u>

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

Schedule 2

	<u>Street</u>	<u>American Rescue Plan Act</u>	<u>Total</u>
Cash Balance, January 1, 2022	\$ 22,339	\$ 2,693	\$ 25,032
Receipts:			
State aid	2,245		2,245
Federal aid		2,693	2,693
Property taxes	1,830		1,830
Interest	21		21
Total Receipts	<u>4,096</u>	<u>2,693</u>	<u>6,789</u>
Disbursements:			
Highways and streets	<u>215</u>		<u>215</u>
Cash Balance, December 31, 2022	<u>\$ 26,220</u>	<u>\$ 5,386</u>	<u>\$ 31,606</u>

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

Schedule 3

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2021	\$ 87,114	\$ 22,090
Receipts:		
State aid	450	2,268
Federal aid		2,693
Property taxes	2,121	1,591
Franchise fees	1,773	
Sales taxes	17,012	
Interest	128	78
Other	1,280	
Total Receipts	<u>22,764</u>	<u>6,630</u>
Disbursements:		
General government	4,965	
Highways and streets	1,117	3,688
Public safety	22,068	
Sanitation	3,041	
Recreation and culture	3,252	
Total Disbursements	<u>34,443</u>	<u>3,688</u>
Cash Balance, December 31, 2021	<u>\$ 75,435</u>	<u>\$ 25,032</u>

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

Schedule 4

	<u>Street</u>	<u>American Rescue Plan Act</u>	<u>Total</u>
Cash Balance, January 1, 2021	<u>\$ 22,090</u>		<u>\$ 22,090</u>
Receipts:			
State aid	2,268		2,268
Federal aid		\$ 2,693	2,693
Property taxes	1,591		1,591
Interest	78		78
Total Receipts	<u>3,937</u>	<u>2,693</u>	<u>6,630</u>
Disbursements:			
Highways and streets	<u>3,688</u>		<u>3,688</u>
Cash Balance, December 31, 2021	<u><u>\$ 22,339</u></u>	<u><u>\$ 2,693</u></u>	<u><u>\$ 25,032</u></u>

TOWN OF GILBERT, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(UNAUDITED)

Schedule 5

1. Cash balances on the Financial Schedules include demand accounts and certificates of deposit.

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

	December 31, 2022	December 31, 2021
Land	\$ 23,500	\$ 23,500
Buildings	75,000	75,000
Equipment	293	293
	<u> </u>	<u> </u>
Totals	<u>\$ 98,793</u>	<u>\$ 98,793</u>

The Municipality's capital assets records were not available. Totals above obtained from prior report.

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

	December 31, 2022	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 2,693</u>	<u>\$ 2,693</u>