

**Town of Gum Springs, Arkansas**

**Financial and Compliance Report**

**December 31, 2023, 2022, and 2021**

LEGISLATIVE JOINT AUDITING COMMITTEE

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TOWN OF GUM SPRINGS, ARKANSAS  
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# Arkansas

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**Sen. Jim Dotson**  
Senate Vice Chair



**Rep. Robin Lundstrum**  
House Chair  
**Rep. RJ Hawk**  
House Vice Chair

**Kevin William White, CPA, JD**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Financial and Compliance Report

Town of Gum Springs, 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 Gum Springs, Arkansas, as of and for the years ended December 31, 2023, 2022, and 2021, and have issued our report thereon dated February 6, 2025. 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 relates to the following officials who held office during 2023, 2022, and 2021:

Mayor: Meldene Ivory  
Recorder/Treasurer: Toni Beard (Appointed June 1, 2022)  
Alfia Collins (Resigned March 31, 2022)

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 **Record/Treasurer**.

#### Mayor

In 2023, General Fund expenditures exceeded budgeted appropriations by \$4,475 (35%), in noncompliance with Ark. Code Ann. §14-58-203. A similar finding was issued in the previous report.

The 2023, 2022, and 2021 budgets were not adopted by ordinance or resolution as required by Ark. Code Ann. § 14-58-202. A similar finding was issued in the previous report.

The governing body did not review the prior year's report and accompanying comments at the first regularly scheduled meeting following receipt of the report as required by Ark. Code Ann. § 10-4-418. A similar finding was noted for the previous three reports dating back to 2015.

#### Recorder/Treasurer

Accounting procedures for municipalities are set forth in the Municipal Accounting Law, Ark. Code Ann. §§ 14-59-101 – 14-59-119. The Town was in noncompliance with these codes during fiscal years 2023, 2022, and 2021 as noted below:

- Bank accounts were not properly reconciled monthly. A similar finding was noted in the previous two reports dating back to 2017. In addition, reconciliations were not approved by a municipal official or employee, other than the person preparing the bank statement. A similar finding was issued in the previous report.
- Prenumbered receipts were not issued for all funds received. A similar finding was noted in the prior two reports dating back to 2017. In addition, some receipts were not issued consecutively and in a timely manner and one receipt was not deposited in a timely manner. A similar finding was issued in the previous report.
- Cash receipts and disbursements journals were not established for all funds. A similar finding was issued in the previous two reports dating back to 2017.
- A detailed fixed asset listing was not established. A similar finding was issued in the previous eight reports dating back to 2003.

Recorder/Treasurer (Continued)

- While performing the disbursement procedures, we noted the following issues:
  - Adequate supporting documentation was not maintained for seven checks totaling \$7,101 (80%) in 2023, 13 checks totaling \$2,557 (26%) in 2022, and 25 checks totaling \$5,753 (100%) in 2021. A similar finding was noted for the previous two reports dating back to 2017.
  - Authorization for payment was not indicated for 8 and 11 disbursements in 2023 and 2022, respectively.
  - Checks did not always contain the signature of two authorized disbursing officers of the Town.
  - One check was not signed.
- Annual financial statements were not prepared and published/posted. A similar finding was issued in the previous report.
- The Treasurer did not submit a monthly financial report to the council. The report should include receipts, disbursements, and balance on hand, together with all liabilities of the Town.

A budget could not be provided for 2022.

We noted the following issues during our review of payroll records:

- Payroll ledgers were not prepared, and details of salaries were not documented. A similar finding was issued in the previous report.
- Payroll totals were provided to a CPA to prepare tax reports net of tax.
- No taxes were withheld from payroll checks.
- Approved salaries were net of tax.
- Payroll Clerk and Mayor's salary was not properly authorized for 2022 and 2021. A similar finding was issued in the previous report.

In 2022, insurance premium tax fund revenues (Act 833), as authorized pursuant to Ark. Code Ann. §§ 14-284-403, 404, were incorrectly deposited into the Fire Department Account. These funds, \$8,186, should be deposited and expended from the Town established Act 833 Fund for the purpose of training, purchase and improvement of firefighting equipment, initial capital construction or improvements of fire departments, insurance for buildings, and utilities costs.

State aid for highway funds from previous years and property taxes totaling \$13,613 was not transferred from the General Fund to the Street Fund, in noncompliance with Ark. Code Ann. § 27-70-207. A similar finding was issued in the previous six reports dating back to 2007.

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



Kevin William White, CPA, JD  
Legislative Auditor

Little Rock, Arkansas  
February 6, 2025  
LOM307323

TOWN OF GUM SPRINGS, ARKANSAS  
 SCHEDULE OF FINANCIAL INFORMATION  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (UNAUDITED)

Schedule 1

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Cash Balance, January 1, 2023	\$ 139,801	\$ 53,165
Receipts:		
State aid	1,384	19,117
Property taxes	4,145	498
Sales taxes	51,097	5,201
Local permits and fees		525
Unclassified	1,170	35
Total Receipts	<u>57,796</u>	<u>25,376</u>
Disbursements:		
General government	17,084	
Highways and streets		3,964
Public safety		10,704
Debt service		2,409
Total Disbursements	<u>17,084</u>	<u>17,077</u>
Cash Balance, December 31, 2023	<u>\$ 180,513</u>	<u>\$ 61,464</u>

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

Schedule 2

	Street	Fire Department	Fire Equipment and Training (Act 833)	Total
Cash Balance, January 1, 2023	\$ 30,686	\$ 13,251	\$ 9,228	\$ 53,165
Receipts:				
State aid	7,676		11,441	19,117
Property taxes	498			498
Sales taxes		5,201		5,201
Local permits and fees		525		525
Unclassified	35			35
Total Receipts	<u>8,209</u>	<u>5,726</u>	<u>11,441</u>	<u>25,376</u>
Disbursements:				
Highways and streets	3,964			3,964
Public safety		6,758	3,946	10,704
Debt service			2,409	2,409
Total Disbursements	<u>3,964</u>	<u>6,758</u>	<u>6,355</u>	<u>17,077</u>
Cash Balance, December 31, 2023	<u>\$ 34,931</u>	<u>\$ 12,219</u>	<u>\$ 14,314</u>	<u>\$ 61,464</u>

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

Schedule 3

	General Fund	Special Revenue Funds
	<u>          </u>	<u>          </u>
Cash Balance, January 1, 2022	\$ 27,552	\$ 32,557
Receipts:		
State aid	1,358	27,806
Federal aid	11,706	
Property taxes	5,467	592
Sales taxes	110,043	4,757
Local permits and fees	100	225
Unclassified		1,900
Total Receipts	<u>128,674</u>	<u>35,280</u>
Disbursements:		
General government	16,425	
Highways and streets		4,008
Public safety		5,858
Debt service		4,806
Total Disbursements	<u>16,425</u>	<u>14,672</u>
Cash Balance, December 31, 2022	<u>\$ 139,801</u>	<u>\$ 53,165</u>

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

Schedule 4

	<u>Street</u>	<u>Fire Department</u>	<u>Fire Equipment and Training (Act 833)</u>	<u>Total</u>
Cash Balance, January 1, 2022	\$ 26,245	\$ 669	\$ 5,643	\$ 32,557
Receipts:				
State aid	7,857	10,403	9,546	27,806
Property taxes	592			592
Sales taxes		4,757		4,757
Local permits and fees		225		225
Unclassified		1,900		1,900
Total Receipts	<u>8,449</u>	<u>17,285</u>	<u>9,546</u>	<u>35,280</u>
Disbursements:				
Highways and streets	4,008			4,008
Public safety		4,703	1,155	5,858
Debt service			4,806	4,806
Total Disbursements	<u>4,008</u>	<u>4,703</u>	<u>5,961</u>	<u>14,672</u>
Cash Balance, December 31, 2022	<u>\$ 30,686</u>	<u>\$ 13,251</u>	<u>\$ 9,228</u>	<u>\$ 53,165</u>



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

Schedule 5

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2021	\$ 9,602	\$ 33,614
Receipts:		
State aid	1,868	9,309
Federal aid	11,706	
Property taxes	5,360	522
Sales taxes	10,530	3,401
Local permits and fees		525
Other		500
Unclassified	32	99
Total Receipts	29,496	14,356
Disbursements:		
General government	11,546	
Highways and streets		4,094
Public safety		6,513
Debt service		4,806
Total Disbursements	11,546	15,413
Cash Balance, December 31, 2021	\$ 27,552	\$ 32,557

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

Schedule 6

	Street	Fire Department	Fire Equipment and Training (Act 833)	Total
Cash Balance, January 1, 2021	\$ 20,508	\$ 2,528	\$ 10,578	\$ 33,614
Receipts:				
State aid	9,309			9,309
Property taxes	522			522
Sales taxes		3,401		3,401
Local permits and fees		525		525
Other		500		500
Unclassified		99		99
Total Receipts	<u>9,831</u>	<u>4,525</u>		<u>14,356</u>
Disbursements:				
Highways and streets	4,094			4,094
Public safety		6,384	129	6,513
Debt service			4,806	4,806
Total Disbursements	<u>4,094</u>	<u>6,384</u>	<u>4,935</u>	<u>15,413</u>
Cash Balance, December 31, 2021	<u>\$ 26,245</u>	<u>\$ 669</u>	<u>\$ 5,643</u>	<u>\$ 32,557</u>

TOWN OF GUM SPRINGS, ARKANSAS  
 OTHER INFORMATION  
 FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021  
 (UNAUDITED)

Schedule 7

1. Cash balances on the Financial Schedules include demand accounts.
2. The Municipality's capital assets records were not available.
3. Outstanding balances at year-end for long-term liabilities are as follows:

	December 31, 2022	December 31, 2021
Financed purchase	\$ 2,409	\$ 7,215

4. 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)	\$ 11,706	\$ 11,706

The American Rescue Plan Act funds received in 2022 and 2021 were deposited and reported in the General Fund.