

Town of Gilmore, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF GILMORE, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2021

Financial and Compliance Report

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Arkansas

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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

Town of Gilmore, 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 Gilmore, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated January 12, 2023. These procedures were not performed for the Water and Sewer Department. 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 2021:

Mayor: Bruce Delaney
Recorder/Treasurer: Lanice Elmore
District Court Clerk: Stacey Gilchrist-Delaney
Police Chief: James Rainey (resigned June 1, 2021)
Alvin Miller (hired June 1, 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 and Recorder/Treasurer

Schedule 1 of this report shows a General Fund deficit balance of \$1,916. In addition, it was brought to our attention that as of December 31, 2021 the General Fund owed a significant amount for balances due to the Street and Fire Equipment and Training Funds. As shown in Note 6 on Schedule 3, when these outstanding amounts were considered, the General Fund had a deficit balance of \$17,774. A similar finding was noted in the previous two reports dating back to 2019.

Mayor

The General Fund disbursements exceeded budgeted appropriations by \$34,700 (42%), in noncompliance with Ark. Code Ann. § 14-58-203. A similar finding was noted in the previous report.

Recorder/Treasurer

1. The Recorder/Treasurer (Payroll Preparer) received salary payments and reimbursements of \$5,958 without adequate supporting documentation, in noncompliance with Ark. Code Ann. § 14-59-105; therefore, we were unable to determine the propriety of these payments.
2. Bank reconciliations were not approved by a municipal official or employee other than the person preparing the reconciliations, in noncompliance with Ark. Code Ann. § 14-59-108. A similar finding was noted in the previous five reports dating back to 2016.
3. The General Fund cash receipts journal was not properly classified, in noncompliance with Ark. Code Ann. § 14-59-110. A similar finding was noted in the previous five reports dating back to 2016.

Recorder/Treasurer (Continued)

4. While performing the disbursement procedures, we noted the following:

- Adequate supporting documentation was not provided for tested disbursements of \$4,334 (15%), in noncompliance with Ark. Code Ann. § 14-59-105.
- Invoices did not always indicate authorization for payment.

A similar finding was noted in the previous two reports dating back to 2019.

5. The following issues were noted while reviewing the payroll records:

- The town did not report all employee compensation on Internal Revenue Service (IRS) Form W-2.
- A payroll journal was not provided for those employees whose salaries were not processed using Paychex. In addition, for those employees it appeared, that federal and state taxes were not withheld and remitted.

A similar finding was noted in the previous six reports dating back to 2014.

6. The Treasurer did not submit monthly financial reports to the council, in noncompliance with Ark. Code Ann. § 14-59-115. A similar finding was noted in the previous report.

7. Unallowable expenditures from previous years of \$4,056 paid from the Fire Equipment and Training Fund were not repaid. A similar finding was issued in the previous five reports dating back to 2016.

8. Property taxes of \$788 and state aid of \$11,014 for highway funds in previous years owed the Street Fund were not transferred during the engagement period, as required by Ark. Code Ann. §§ 14-59-104, 27-70-207. The total amount due to the Street Fund at December 31, 2021 was \$11,802. A similar finding was noted in the previous twelve reports dating back to 2006.

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



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

Little Rock, Arkansas
January 12, 2023
LOM321121

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

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2021	\$ 9,285	\$ 14,465
Receipts:		
State aid	3,688	33,837
Federal aid		25,483
Property taxes	14,378	1,434
Franchise fees	5,418	
Sales taxes	30,519	
Fines, forfeitures, and costs	12,604	
Interest	15	
Private grant	10,625	
Contribution from water department	649	
Other	2,187	
Total Receipts	<u>80,083</u>	<u>60,754</u>
Disbursements:		
General government	74,069	25,483
Law enforcement	8,951	
Highways and streets		17,089
Public safety	47	11,679
Recreation and culture		2
Contribution to water department	2,936	
Debt service	5,281	
Total Disbursements	<u>91,284</u>	<u>54,253</u>
Cash Balance, December 31, 2021	<u>\$ (1,916)</u>	<u>\$ 20,966</u>

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

Schedule 2

	Street	Fire Equipment and Training	Fun Park	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 1,494	\$ 12,969	\$ 2		\$ 14,465
Receipts:					
State aid	17,236	16,601			33,837
Federal aid				\$ 25,483	25,483
Property taxes	1,434				1,434
Total Receipts	<u>18,670</u>	<u>16,601</u>		<u>25,483</u>	<u>60,754</u>
Disbursements:					
General government				25,483	25,483
Highways and streets	17,089				17,089
Public safety		11,679			11,679
Recreation and culture			2		2
Total Disbursements	<u>17,089</u>	<u>11,679</u>	<u>2</u>	<u>25,483</u>	<u>54,253</u>
Cash Balance, December 31, 2021	<u>\$ 3,075</u>	<u>\$ 17,891</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,966</u>

TOWN OF GILMORE, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(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, 2021
District Court (Police Fund)	\$ 4,309

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, 2021
Buildings	\$ 49,500
Equipment	351,490
Total	<u>\$ 400,990</u>

4. The outstanding balance at year-end for long-term liabilities is as follows:

	December 31, 2021
Notes payable	<u>\$ 35,675</u>

5. The Town received federal funding of the following amount related to COVID-19 relief:

	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 25,483</u>

TOWN OF GILMORE, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 3

6. Deficit General Fund Balance

The schedules included on our Financial and Compliance Reports are typically cash basis. We are including additional information here, as it was brought to our attention that the General Fund owed a significant amount for balances due to the Street and Fire Equipment and Training Funds at December 31, 2021. The information below begins with the cash balances for the General, Street, and Fire Equipment and Training Funds. The computation includes changes to the cash balances for outstanding amounts owed at year-end.

Balances as of December 31, 2021	<u>General</u>	<u>Street</u>	<u>Fire Equipment and Training</u>
Cash balances per accountant's report	\$ (1,916)	\$ 3,075	\$ 17,891
Due to Street Fund	(11,802)		
Due to Fire Equipment and Training Fund	(4,056)		
Due from General Fund	<u> </u>	<u>11,802</u>	<u>4,056</u>
Restated balances as of December 31, 2021	<u><u>\$ (17,774)</u></u>	<u><u>\$ 14,877</u></u>	<u><u>\$ 21,947</u></u>