

Town of Gilmore, Arkansas

Financial and Compliance Report

December 31, 2023

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF GILMORE, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023, and have issued our report thereon dated September 11, 2024. 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 2023:

Mayor: Bruce Delaney
Recorder/Treasurer: Santerria Elmore (hired April 11, 2023)
Lanice Elmore (resigned April 11, 2023)
District Court Clerk: Stacey Gilchrist-Delaney
Police Chief: Alvin Miller

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 balance of \$5,534. In addition, it was brought to our attention that as of December 31, 2023, the General Fund owed a significant amount to the Internal Revenue Service (IRS) for taxes owed as well as balances due to the Street and Fire Equipment and Training Funds. As shown in Note 5 on Schedule 3, when these outstanding amounts were considered, the General Fund had a deficit balance of \$28,254. A similar finding was noted in the previous four reports dating back to 2019.

Recorder/Treasurer

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

- Salary payments to the Mayor of \$2,025 were not reported on the Internal Revenue Service (IRS) Form W-2.
- IRS Form W-3 and quarterly payroll Form 941 reports were not in agreement.
- Federal taxes owed for the current year and prior year of \$8,711 and \$11,309, respectively, were not remitted to the IRS, leaving a balance owed of \$20,020.
- It appears tax overpayments of \$1,051 were remitted to the Department of Finance and Administration for tax years 2023 and 2022.

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

2. Restricted fire equipment and training monies of \$210 were expended for unallowable purposes. Unallowable expenditures from previous years of \$4,056 paid from the Fire Equipment and Training Fund were not repaid. The total amount due to Fire Equipment and Training Fund at December 31, 2023, was \$4,266. A similar finding was issued in the previous seven reports dating back to 2016.
3. Restricted Street Fund monies of \$2,178 were expended for unallowable purposes. Property taxes of \$788 and state aid of \$6,536 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, 2023, was \$9,502. The City Council passed Ordinance 2022-09-13, to pay 10% of general revenues to the Street Fund each year until the balance is paid in full; however, only 1.6% of revenues was paid to the Street Fund in 2023. A similar finding was noted in the previous fourteen 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

A handwritten signature in black ink, appearing to read "Kevin White" with a stylized flourish at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
September 11, 2024
LOM321123

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

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2023	\$ (101)	\$ 23,441
Receipts:		
State aid	2,716	34,746
Property taxes	11,509	1,728
Franchise fees	9,724	
Sales taxes	25,932	
Fines, forfeitures, and costs	37,544	
Interest	3	
Insurance proceeds	10,181	
Contribution from water department	7,067	
Other	558	
Transfers in	3,420	
Total Receipts	<u>108,654</u>	<u>36,474</u>
Disbursements:		
General government	55,108	
Law enforcement	37,845	
Highways and streets		14,487
Public safety	740	8,421
Wastewater	1,368	
Contribution to water department	7,958	950
Debt service		6,530
Transfers out		3,420
Total Disbursements	<u>103,019</u>	<u>33,808</u>
Cash Balance, December 31, 2023	<u>\$ 5,534</u>	<u>\$ 26,107</u>

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

Schedule 2

	<u>Street</u>	<u>Fire Equipment and Training</u>	<u>Total</u>
Cash Balance, January 1, 2023	\$ 9,113	\$ 14,328	\$ 23,441
Receipts:			
State aid	14,847	19,899	34,746
Property taxes	<u>1,728</u>		<u>1,728</u>
Total Receipts	<u>16,575</u>	<u>19,899</u>	<u>36,474</u>
Disbursements:			
Highways and streets	14,487		14,487
Public safety		8,421	8,421
Contribution to water department		950	950
Debt service	6,530		6,530
Transfers out	<u>3,420</u>		<u>3,420</u>
Total Disbursements	<u>24,437</u>	<u>9,371</u>	<u>33,808</u>
Cash Balance, December 31, 2023	<u>\$ 1,251</u>	<u>\$ 24,856</u>	<u>\$ 26,107</u>

TOWN OF GILMORE, ARKANSAS
 OTHER INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (UNAUDITED)

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

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

	December 31, 2023
District Court (Police Fund)	\$ 3,125

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, 2023
Buildings	\$ 49,500
Equipment	350,840
Total	\$ 400,340

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

	December 31, 2023
Financed purchase	\$ 27,416

TOWN OF GILMORE, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(UNAUDITED)

Schedule 3

5. 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 to the Internal Revenue Service (IRS) for taxes owed as well as balances due to the Street and Fire Equipment and Training Funds at December 31, 2023. 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, 2023	<u>General</u>	<u>Street</u>	<u>Fire Equipment and Training</u>
Cash balances per accountant's report	\$ 5,534	\$ 1,251	\$ 24,856
Due to Internal Revenue Service	(20,020)		
Due to Street Fund	(9,502)		
Due to Fire Equipment and Training Fund	(4,266)		
Due from General Fund		<u>9,502</u>	<u>4,266</u>
Restated balances as of December 31, 2023	<u><u>\$ (28,254)</u></u>	<u><u>\$ 10,753</u></u>	<u><u>\$ 29,122</u></u>