Town of Gum Springs, Arkansas

Financial and Compliance Report

December 31, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE

TOWN OF GUM SPRINGS, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2024

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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 year ended December 31, 2024, and have issued our report thereon dated July 7, 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 relate to the following officials who held office during 2024:

Mayor: Meldene Ivory
Recorder/Treasurer: Toni Beard

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

A budget was not adopted by ordinance or resolution as required by Ark. Code Ann. § 14-58-202. A similar finding was issued in the prior two reports dating back to 2019.

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 four 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 as noted below:

- Bank accounts were not reconciled monthly. A similar finding was noted in the prior report three reports dating back to 2017.
- Cash receipts and disbursements journals were not established for all funds. A similar finding was issued in the previous three reports dating back to 2017.
- Prenumbered receipts were not issued for all revenues received. A similar finding was noted in the previous three reports dating back to 2017. Additionally, some receipts were not deposited in a timely manner. A similar finding was noted in the previous two reports.
- A detailed fixed asset listing was not established. A similar finding was issued in the previous nine reports dating back to 2003.
- While performing the disbursement procedures, we noted the following issues:
    - Adequate supporting documentation was not maintained for six checks totaling $1,418 (28%). A similar finding was noted for the previous three reports dating back to 2017.
    - Authorization for payment was not indicated for 12 disbursements. A similar finding was issued for the previous report.
- Annual financial statements were not prepared and published/posted. A similar finding was issued in the previous two reports dating back to 2019.
- 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 similar finding was issued for the previous report.

- We noted the following issues during our review of payroll records:
    - Payroll ledgers were not prepared, details of salaries were not documented. A similar finding was issued in the previous two reports dating back to 2019.
    - Payroll totals were provided to a CPA to prepare tax reports net of tax. A similar finding was issued for the previous report.
    - No taxes were withheld from payroll checks. A similar finding was issued for the previous report.
    - Approved salaries were net of tax. A similar finding was issued in the previous report.
    - Payroll Clerk and Mayor's salary was not properly authorized. A similar finding was issued in the previous two reports dating back to 2019.

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. After including approved Act 833 expenditures paid from the Fire Department account, $6,304, 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. A similar finding was issued in the previous report.

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
July 7, 2025
LOM307324

TOWN OF GUM SPRINGS, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2024	$ 185,557	$ 61,464
Receipts:		
State aid	1,353	19,846
Property taxes	5,609	607
Sales taxes	62,239	5,108
Interest	3	
Local permits and fees		550
Unclassified	1,040	
Total Receipts	70,244	26,111
Disbursements:		
General government	14,266	
Highways and streets		4,712
Public safety		9,081
Total Disbursements	14,266	13,793
Cash Balance, December 31, 2024	$ 241,535	$ 73,782

TOWN OF GUM SPRINGS, ARKANSAS

Schedule 2

COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2024

(UNAUDITED)

	Street	Fire Department	Fire Equipment and Training (Act 833)	Total
Cash Balance, January 1, 2024	$ 34,931	$ 12,219	$ 14,314	$ 61,464
Receipts:				
State aid	7,483		12,363	19,846
Property taxes	607			607
Sales taxes		5,108		5,108
Local permits and fees		550		550
Total Receipts	8,090	5,658	12,363	26,111
Disbursements:				
Highways and streets	4,712			4,712
Public safety		5,506	3,575	9,081
Total Disbursements	4,712	5,506	3,575	13,793
Cash Balance, December 31, 2024	$ 38,309	$ 12,371	$ 23,102	$ 73,782

TOWN OF GUM SPRINGS, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Schedule 3

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

2. The Municipality's capital assets records were not available.