

Town of Gilmore, Arkansas

Financial and Compliance Report

December 31, 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



TOWN OF GILMORE, ARKANSAS
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Financial and Compliance Report

	<u>Schedule</u>
Schedule of Financial Information (Unaudited)	1
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	2
Other Information (Unaudited)	3



Roger A. Norman, JD, CPA, CFE, CFF
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, 2022, and have issued our report thereon dated February 8, 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 2022:

Mayor: Bruce Delaney
Recorder/Treasurer: Lanice Elmore
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 deficit balance of \$101. In addition, it was brought to our attention that as of December 31, 2022, 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 \$11,481. A similar finding was noted in the previous three reports dating back to 2019.

Recorder/Treasurer

1. The Recorder/Treasurer (Payroll Preparer) received reimbursements of \$773 without adequate supporting documentation, in noncompliance with Ark. Code Ann. § 14-59-105; therefore, we were unable to determine the propriety of these payments. A similar finding was noted in the previous report.
2. The General and Street Fund cash receipts and disbursements journals were not properly classified or posted, in noncompliance with Ark. Code Ann. § 14-59-110, -111. A similar finding was noted in the previous six reports dating back to 2016.
3. While performing the disbursement procedures, we noted the following:
 - Adequate supporting documentation was not provided for tested disbursements of \$10,462 (33%), 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 three reports dating back to 2019.

Recorder/Treasurer (Continued)

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

- Salary payments to the Mayor of \$945 were not reported on the Internal Revenue Service (IRS) Form W-2.
- The budget did not contain salary amounts for the payroll preparer and Mayor, therefore salary authorization could not be determined.
- The third and fourth quarter 941 reports for 2022 were not remitted to the IRS.
- Federal taxes and state taxes owed of \$11,309 and \$975, respectively, were not remitted to the IRS or State.

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

5. 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 six reports dating back to 2016.

6. 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, 2022, was \$7,324. 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 6.8% was paid in 2022. A similar finding was noted in the previous thirteen reports dating back to 2006.

7. The General and Street Fund bank accounts were not properly reconciled, in noncompliance with Ark. Code Ann. § 14-59-108.

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
February 8, 2024
LOM321122

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

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2022	\$ (1,916)	\$ 20,966
Receipts:		
State aid	24,590	35,983
Federal aid		25,483
Property taxes	14,953	853
Franchise fees	3,178	
Sales taxes	25,067	
Fines, forfeitures, and costs	17,194	
Interest	5	
Contribution from water department	10,595	747
Other	3,187	108
Transfers in		600
Total Receipts	<u>98,769</u>	<u>63,774</u>
Disbursements:		
General government	23,562	25,483
Law enforcement	53,475	
Highways and streets	952	11,520
Public safety	67	21,655
Wastewater	10,462	
Contribution to water department	4,668	
Debt service	3,168	2,641
Transfers out	600	
Total Disbursements	<u>96,954</u>	<u>61,299</u>
Cash Balance, December 31, 2022	<u>\$ (101)</u>	<u>\$ 23,441</u>

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

Schedule 2

	Street	Fire Equipment and Training	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 3,075	\$ 17,891		\$ 20,966
Receipts:				
State aid	17,891	18,092		35,983
Federal aid			\$ 25,483	25,483
Property taxes	853			853
Contribution from water department	747			747
Other	108			108
Transfers in	600			600
Total Receipts	<u>20,199</u>	<u>18,092</u>	<u>25,483</u>	<u>63,774</u>
Disbursements:				
General government			25,483	25,483
Highways and streets	11,520			11,520
Public safety		21,655		21,655
Debt service	2,641			2,641
Total Disbursements	<u>14,161</u>	<u>21,655</u>	<u>25,483</u>	<u>61,299</u>
Cash Balance, December 31, 2022	<u>\$ 9,113</u>	<u>\$ 14,328</u>	<u>\$ 0</u>	<u>\$ 23,441</u>

TOWN OF GILMORE, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(UNAUDITED)

Schedule 3

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, 2022
District Court (Police Fund)	\$ 5,386

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, 2022
Buildings	\$ 49,500
Equipment	351,990
Total	<u>\$ 401,490</u>

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

	December 31, 2022
Financed purchase	<u>\$ 31,728</u>

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

	December 31, 2022
American Rescue Plan Act (ARPA)	<u>\$ 25,483</u>

TOWN OF GILMORE, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(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, 2022. 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, 2022	<u>General</u>	<u>Street</u>	<u>Fire Equipment and Training</u>
Cash balances per accountant's report	\$ (101)	\$ 9,113	\$ 14,328
Due to Street Fund	(7,324)		
Due to Fire Equipment and Training Fund	(4,056)		
Due from General Fund	<u> </u>	<u>7,324</u>	<u>4,056</u>
Restated balances as of December 31, 2022	<u><u>\$ (11,481)</u></u>	<u><u>\$ 16,437</u></u>	<u><u>\$ 18,384</u></u>