

**City of Gould, Arkansas**

**Financial and Compliance Report**

**December 31, 2017**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF GOULD, ARKANSAS  
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FOR THE YEAR ENDED DECEMBER 31, 2017

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# Arkansas

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

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Financial and Compliance Report

City of Gould, 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 City of Gould, Arkansas, as of and for the year ended December 31, 2017, and have issued our report thereon dated September 12, 2018. These procedures were not performed for the Water and Sewer Fund. Management of the City 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 2017:

Mayor: Essie Cableton  
Recorder/Treasurer: Kisha Bailey-James (resigned March 31, 2017);  
Sheila Mangrum (appointed April 11, 2017)  
District Court Clerk: Linda Howell  
Police Chief: Efrem Elliot

We evaluated the City's compliance with certain state laws concerning general and district court accounting, budgeting, purchasing, and investing and depositing of public funds.

Our procedures indicated that the office of **Police Chief** was in substantial compliance with Arkansas fiscal and financial laws. Noncompliance with state law and accepted accounting practices was noted in the offices of **Mayor, Recorder/Treasurer, and District Court Clerk**.

#### Mayor

Fixed asset records were not established, in noncompliance with Ark. Code Ann. § 14-59-107. A similar finding was issued in the 2005 through 2016 reports.

#### Mayor and Recorder/Treasurer

An employee was paid for unused vacation leave in violation of the City's policy, which states that vacation days cannot be paid instead of taking vacation. In addition, leave records were not maintained, and there was no supporting documentation for the payments.

#### Recorder/Treasurer

1. Bank accounts were not reconciled monthly, in noncompliance with Ark. Code Ann. § 14-59-108.
2. Cash receipts and cash disbursements journals were not established, in noncompliance with Ark. Code Ann. §§ 14-59-110, -111.
3. Invoices and supporting documentation were not maintained for 18 out of 35 test items, in noncompliance with Ark. Code Ann. § 14-59-105. Also, no documentation was provided for the Justice Assistance Grant (JAG) disbursements.
4. Restricted Street Fund monies totaling \$25,000 were transferred to the General Fund for which documentation was not provided, in noncompliance with Ark. Code Ann. §§ 26-79-104, 27-70-207.
5. Neither Internal Revenue Service (IRS) Form W-3 nor the Arkansas Department of Finance and Administration (DFA) Form AR3 was made available for inspection, in noncompliance with Ark. Code Ann. § 14-59-114.
6. Council minutes did not provide sufficient detail to allow a determination of the actions of the council, and no minutes were available for one month.

**District Court Clerk**

1. Bank reconciliations were not prepared, in noncompliance with Ark. Code Ann. § 16-10-209. A similar finding was issued in the 2013 through 2016 reports.
2. Cash receipts and disbursements journals again were not prepared, in noncompliance with Ark. Code Ann. § 16-10-209. A similar finding was issued in the 2013 through 2016 reports.
3. The balance remaining in the bank account in the amount of \$46,357 was not identified with receipt numbers for cases not yet adjudicated and the payments made on all unpaid individual time accounts. A similar finding was issued in the 2013 through 2016 reports.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, local City 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  
September 12, 2018  
LOM206617

CITY OF GOULD, ARKANSAS  
 SCHEDULE OF FINANCIAL INFORMATION  
 FOR THE YEAR ENDED DECEMBER 31, 2017  
 (UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2017	\$ 91,560	\$ 126,210
Receipts:		
State aid	59,161	79,196
Federal aid		3,500
Sales taxes	200,137	
Unclassified	321,611	35,264
Total Receipts	<u>580,909</u>	<u>117,960</u>
Disbursements:		
Law enforcement		20,475
Highways and streets		64,660
Public safety		10,111
Recreation and culture	45,000	
Debt service	82,759	19,778
Unclassified	509,258	
Total Disbursements	<u>637,017</u>	<u>115,024</u>
Cash Balance, December 31, 2017	<u>\$ 35,452</u>	<u>\$ 129,146</u>

CITY OF GOULD, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017  
 (UNAUDITED)

Schedule 2

	<u>Street</u>	<u>Disaster</u>	<u>Fire Department</u>	<u>Police Account</u>	<u>Prisoner Maintenance</u>	<u>COPS</u>	<u>City Hall Grant</u>	<u>Total</u>
Cash Balance, January 1, 2017	\$ 38,987	\$ 13,436	\$ 24,245	\$ 4,612	\$ 4,894	\$ 463	\$ 39,573	\$ 126,210
Receipts:								
State aid	57,578		21,618					79,196
Federal aid				3,500				3,500
Unclassified	<u>8,155</u>	<u>2,500</u>	<u>3,238</u>	<u>9,446</u>	<u>11,925</u>			<u>35,264</u>
Total Receipts	<u>65,733</u>	<u>2,500</u>	<u>24,856</u>	<u>12,946</u>	<u>11,925</u>			<u>117,960</u>
Disbursements:								
Law enforcement				10,327	9,685	463		20,475
Highways and streets	64,660							64,660
Public safety			10,111					10,111
Debt service			<u>19,778</u>					<u>19,778</u>
Total Disbursements	<u>64,660</u>		<u>29,889</u>	<u>10,327</u>	<u>9,685</u>	<u>463</u>		<u>115,024</u>
Cash Balance, December 31, 2017	<u>\$ 40,060</u>	<u>\$ 15,936</u>	<u>\$ 19,212</u>	<u>\$ 7,231</u>	<u>\$ 7,134</u>	<u>\$ 0</u>	<u>\$ 39,573</u>	<u>\$ 129,146</u>

CITY OF GOULD, ARKANSAS  
OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules consist of demand accounts.
2. The cash balance at year-end in the agency fund is as follows:

	December 31, 2017
District Court Fund	\$ 59,284

This balance represents fines, forfeitures, and costs that have not been transferred to the appropriate entities.

3. The Municipality's capital assets records were not available.
4. Outstanding balances at year-end for long-term liabilities are as follows:

	December 31, 2017
Notes payable	\$ 9,755
Internal Revenue Service (1)	195,035
Department of Workforce Services (2)	42,367
Total	\$ 247,157

(1) As of December 31, 2017, the City owed the internal Revenue Service (IRS) \$195,035 which included federal taxes, penalties, and interest for the period December 31, 2001 through June 30, 2009. The IRS, in a notice dated October 27, 2011, temporarily suspended collection of the above debt because of the City's inability to pay. The notice also stated that penalties and interest will continue to be added to the debt. The City entered into a repayment plan with the IRS on October 4, 2016, and agreed to pay \$5,500 per month until December 28, 2016, and then increase the payment to \$6,700 per month thereafter until the debt is paid. The City paid \$73,700 to the IRS during 2017.

(2) The City did not remit unemployment insurance to the Department of Workforce Services for the years 2006 through 2011. The City began making payments of \$200 per month in November of 2016. As of December 31, 2017, the City owed \$42,367, this amounts includes penalties and interest. The City paid \$2,600 (\$300 toward the balance and \$2,300 toward penalties and interest) to the Department of Workforce Services during 2017.

(3) The City did not fully remit state payroll taxes thus creating a liability of \$36,066 as of September 19, 2016, which included taxes, penalties, and interest due. On August 22, 2016, the city entered into an agreement to pay \$200 per month for sixty months. The City paid \$800 in 2016 and negotiated a settlement to pay the remainder of the agreement amount in 2017 thereby terminating the debt. The City paid \$8,759 to the Arkansas Department of Finance and Administration during 2017.