

**Town of Gilmore, Arkansas**

**Financial and Compliance Report**

**December 31, 2019**

LEGISLATIVE JOINT AUDITING COMMITTEE

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TOWN OF GILMORE, ARKANSAS  
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FOR THE YEAR ENDED DECEMBER 31, 2019

Financial and Compliance Report

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# Arkansas

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Senate Vice Chair



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**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, 2019, and have issued our report thereon dated January 27, 2021. 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 2019:

Mayor: Bruce Delaney  
Recorder/Treasurer: Lanice Elmore  
District Court Clerk: Stacey Gilchrist- Delaney  
Police Chief: James Rainey (resigned February 12, 2019)  
Roy Hill (hired February 12, 2019; resigned June 11, 2019)  
Corey Mayhorn (hired June 11, 2019)

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**, **Recorder/Treasurer**, **District Court Clerk**, and **Police Chief**.

#### **Mayor and Recorder/Treasurer**

Although Schedule 1 of this report shows a balance of \$417, it was brought to our attention that as of December 31, 2019, the General Fund owed a significant amount for 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 \$23,528.

#### **Mayor**

The minutes of the governing body did not document a review of the prior report and accompanying comments at the first regularly scheduled meeting following the receipt of the report, as required by Ark. Code Ann. § 10-4-418.

#### **Recorder/Treasurer**

1. The General Fund bank account was not properly reconciled, in noncompliance with Ark. Code Ann. § 14-59-108. A similar finding was noted in the previous ten reports dating back to 2006.
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 three reports dating back to 2016.
3. The General Fund cash receipts and disbursements journals were not properly classified or posted, and the Street Fund cash receipts journal was not properly classified, in noncompliance with Ark. Code Ann. §§ 14-59-110, -111. A similar finding was noted in the previous three reports dating back to 2016.
4. A fixed asset listing was established but did not include values, additions, serial numbers, and control totals, as required by Ark. Code Ann. § 14-59-107. A similar finding was noted in the previous report.

5. The bank statements for the Street, Fire Equipment and Training, and Fun Park accounts did not include copies of the backs of checks, in noncompliance with Ark. Code Ann. § 19-2-506 and the check imaging agreement letter. A similar finding was noted in the previous two reports dating back to 2017.
6. Adequate supporting documentation was not provided for tested disbursements of \$1,420 (11%), in noncompliance with Ark. Code Ann. § 14-59-105.
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 three reports dating back to 2016.
8. Restricted street fund monies of \$1,300 were expended for unallowable purposes. Property taxes of \$788 and state aid of \$17,801 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, 2019 was \$19,889. A similar finding was noted in the previous ten reports dating back to 2006.
9. The following issues were noted while reviewing the payroll records:
  - Salary payments to the Mayor and Recorder/Treasurer of \$1,500 and \$150 were not reported on Internal Revenue Service Form W-2.
  - Arkansas tax form AR3 was not provided for inspection; therefore, we were unable to substantiate the amounts remitted were proper or that the payroll salaries were properly reported to the state.
  - 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 four reports dating back to 2014.

#### **Police Chief**

The following issues were noted with Ark. Code Ann. § 16-10-205:

- A list of all uniform written citation books and the corresponding range of citations in each book were not maintained.
- Completed citation books were not always filed with the Court Clerk or made available for inspection.
- A printer's certificate was not provided for inspection for all citation books issued.

Therefore, we were unable to determine an accurate population of citations issued or whether citations were properly placed on a court docket.

#### **District Court Clerk**

The District Court Clerk's Funds (police and court) cash receipts and disbursements journals were not properly posted and classified, in noncompliance with Ark. Code Ann. § 16-10-209.

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 27, 2021  
LOM321119

TOWN OF GILMORE, ARKANSAS  
SCHEDULE OF FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(UNAUDITED)

Schedule 1

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Cash Balance, January 1, 2019	\$ (228)	\$ 12,020
Receipts:		
State aid	4,158	34,163
Property taxes	12,137	1,349
Franchise fees	1,167	
Sales taxes	24,548	
Fines, forfeitures, and costs	36,611	
Interest	1	
Other	3,070	484
Transfers in		29
Unclassified	6,053	
Total Receipts	<u>87,745</u>	<u>36,025</u>
Disbursements:		
General government	75,750	1,300
Law enforcement	4,684	
Highways and streets		18,874
Public safety		12,159
Recreation and culture		350
Contribution to water department	2,940	
Debt service	3,697	1,556
Transfers out	29	
Total Disbursements	<u>87,100</u>	<u>34,239</u>
Cash Balance, December 31, 2019	<u>\$ 417</u>	<u>\$ 13,806</u>

TOWN OF GILMORE, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2019  
 (UNAUDITED)

Schedule 2

	<u>Street</u>	<u>Fire Equipment and Training</u>	<u>Fun Park</u>	<u>Total</u>
Cash Balance, January 1, 2019	\$ 1,370	\$ 7,578	\$ 3,072	\$ 12,020
Receipts:				
State aid	18,857	15,306		34,163
Property taxes	1,349			1,349
Other	484			484
Transfers in	29			29
Total Receipts	<u>20,719</u>	<u>15,306</u>		<u>36,025</u>
Disbursements:				
General government	1,300			1,300
Highways and streets	18,874			18,874
Public safety		12,159		12,159
Recreation and culture			350	350
Debt service	1,556			1,556
Total Disbursements	<u>21,730</u>	<u>12,159</u>	<u>350</u>	<u>34,239</u>
Cash Balance, December 31, 2019	<u>\$ 359</u>	<u>\$ 10,725</u>	<u>\$ 2,722</u>	<u>\$ 13,806</u>

TOWN OF GILMORE, ARKANSAS  
OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(UNAUDITED)

Schedule 3

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

2. Cash balances at year-end in the custodial funds are as follows:

	December 31, 2019
District Court (Police Fund)	\$ 4,850
District Court Fund	189

These balances represent fines, forfeitures, and costs that have not been transferred to the appropriate entities.

3. The Municipality's capital assets records did not contain cost amounts for land, building, and equipment.

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

	December 31, 2019
Notes payable	\$ 43,701

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 for balances due to the Street and Fire Equipment and Training Funds at December 31, 2019. 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.

	General	Street	Fire Equipment and Training
Balances as of December 31, 2019			
Cash balances per accountant's report	\$ 417	\$ 359	10,725
Due to Street Fund	(19,889)		
Due to Fire Equipment and Training Fund	(4,056)		
Due from General Fund		19,889	4,056
	\$ (23,528)	\$ 20,248	\$ 14,781
Restated balances as of December 31, 2019			