

City of Shannon Hills, Arkansas

Financial and Compliance Report

December 31, 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF SHANNON HILLS, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2020

Financial and Compliance Report

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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE
ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Shannon Hills, 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 Shannon Hills, Arkansas, as of and for the year ended December 31, 2020, and have issued our report thereon dated May 19, 2021. These procedures were not performed for the Water, Sewer, and Fire Department Funds. 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 relate to the following officials who held office during 2020:

Mayor: Mike Kemp
Recorder: Robin Baker
Treasurer: Mary Meyers
District Court Clerk: Lindsey Dinwiddie
Police Chief: Allen Spears

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.

Noncompliance with state law and accepted accounting practices was noted in the office of **Mayor**.

Mayor

General Fund expenditures exceeded budgeted appropriations by \$197,351 (36%), in noncompliance with Ark. Code Ann. § 14-58-203. 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 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
May 19, 2021
LOM216920

CITY OF SHANNON HILLS, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2020	\$ 170,378	\$ 399,101
Receipts:		
State aid	89,997	352,629
Federal aid	124,519	
Property taxes	133,066	56,851
Franchise fees	194,774	
Sales taxes	160,071	
Fines, forfeitures, and costs	63,671	5,566
Interest	1,357	1,575
Local permits and fees	17,500	
Auction proceeds		11,377
Note proceeds	80,000	
Other	40,223	13,267
Transfers in	10,700	
Total Receipts	<u>915,878</u>	<u>441,265</u>
Disbursements:		
General government	473,074	
Law enforcement	263,907	1,780
Highways and streets		667,328
Recreation and culture	3,115	
Debt service	64,368	
Transfers out		10,700
Total Disbursements	<u>804,464</u>	<u>679,808</u>
Cash Balance, December 31, 2020	<u>\$ 281,792</u>	<u>\$ 160,558</u>

CITY OF SHANNON HILLS, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (UNAUDITED)

Schedule 2

	<u>Street</u>	<u>Drug Seizure</u>	<u>Court Automation</u>	<u>Fall Festival</u>	<u>Total</u>
Cash Balance, January 1, 2020	\$ 375,957	\$ 321	\$ 22,780	\$ 43	\$ 399,101
Receipts:					
State aid	352,629				352,629
Property taxes	56,851				56,851
Fines, forfeitures, and costs		1,748	3,818		5,566
Interest	1,551		24		1,575
Auction proceeds		11,377			11,377
Other	13,267				13,267
Total Receipts	<u>424,298</u>	<u>13,125</u>	<u>3,842</u>		<u>441,265</u>
Disbursements:					
Law enforcement		1,755	25		1,780
Highways and streets	667,328				667,328
Transfers out		10,657		43	10,700
Total Disbursements	<u>667,328</u>	<u>12,412</u>	<u>25</u>	<u>43</u>	<u>679,808</u>
Cash Balance, December 31, 2020	<u>\$ 132,927</u>	<u>\$ 1,034</u>	<u>\$ 26,597</u>	<u>\$ 0</u>	<u>\$ 160,558</u>

CITY OF SHANNON HILLS, ARKANSAS
 OTHER INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2020
 (UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand and savings accounts and certificates of deposit.

2. The General Fund column on the Financial Schedules includes the following bank accounts:
 General, Bank OZK Savings, Bancorp South Savings, and Bank OZK Certificate of Deposit

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

	December 31, 2020
District Court Fund	\$ 11,121

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

4. The Municipality's capital assets records are summarized below:

	December 31, 2020
Land	\$ 2,465,061
Equipment	587,046
Total	\$ 3,052,107

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

	December 31, 2020
Notes payable	\$ 60,072