

City of Tontitown, Arkansas

Financial and Compliance Report

December 31, 2022 and 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF TONTITOWN, ARKANSAS
TABLE OF CONTENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Financial and Compliance Report

	<u>Schedule</u>
2022	
Schedule of Financial Information (Unaudited)	1
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	2
2021	
Schedule of Financial Information (Unaudited)	3
Combining Schedule of Financial Information – Special Revenue Funds (Unaudited)	4
2022 and 2021	
Other Information (Unaudited)	5

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Legislative Auditor

LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

Financial and Compliance Report

City of Tontitown, 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 Tontitown, Arkansas, as of and for the years ended December 31, 2022 and 2021, and have issued our report thereon dated September 6, 2023. These procedures were not performed for the Water and Sewer Department. Management of the City is responsible for maintaining the financial records and complying with state laws and accepted accounting practices.

The commentary contained in this section relates to the following officials who held office during 2022 and 2021:

Mayor: Paul Colvin, Jr. (resigned December 22, 2021)
Gene McCartney (appointed January 4, 2022)
Angela Russell (elected May 24, 2022)
Recorder/Treasurer: Rhonda Ardemagni
Police Chief: Corey Jenison

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.

During our evaluation, nothing came to our attention that would warrant disclosure in this 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

Handwritten signature of Roger A. Norman in cursive.

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

Little Rock, Arkansas
September 6, 2023
LOM120022

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

Schedule 1

	General Fund	Special Revenue Funds	Debt Service Fund Sales and Use Tax Bonds Series 2022A	Capital Projects Fund Fire Construction
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash Balance, January 1, 2022	\$ 3,937,818	\$ 946,873		
Receipts:				
State aid	351,336	401,043		
Federal aid	34,038	451,445		
Property taxes	702,620	110,484		
Franchise fees	710,000			
Sales taxes	2,699,722	168,000	\$ 1,810,675	
Fines, forfeitures, and costs	305,462	51,084		
Interest	20,763	1,103	9,623	\$ 58,372
Local permits and fees	392,161			
Other	32,888	4,291		
Transfers in	15,100			
Bond proceeds			283,298	5,016,702
Total Receipts	<u>5,264,090</u>	<u>1,187,450</u>	<u>2,103,596</u>	<u>5,075,074</u>
Disbursements:				
General government	1,510,463	1,321		
Law enforcement	1,019,873	734,325		
Highways and streets		779,627		
Public safety	443,775	195,983	151,659	305,821
Recreation and culture	101,629			
Debt service	50,042		78,531	
Transfers out		15,100		
Contributions to water and sewer department	329,590		908,172	
Total Disbursements	<u>3,455,372</u>	<u>1,726,356</u>	<u>1,138,362</u>	<u>305,821</u>
Cash Balance, December 31, 2022	<u>\$ 5,746,536</u>	<u>\$ 407,967</u>	<u>\$ 965,234</u>	<u>\$ 4,769,253</u>

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

Schedule 2

	Street	Emergency Vehicle (Act 988)	Fire Equipment and Training (Act 833)	Undercover Operations	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 389,208	\$ 84,786	\$ 82,019	\$ 11,836	\$ 379,024	\$ 946,873
Receipts:						
State aid	381,746		19,297			401,043
Federal aid					451,445	451,445
Property taxes	110,484					110,484
Sales taxes	168,000					168,000
Fines, forfeitures, and costs		51,084				51,084
Interest	241	30	46		786	1,103
Other		305		3,986		4,291
Total Receipts	<u>660,471</u>	<u>51,419</u>	<u>19,343</u>	<u>3,986</u>	<u>452,231</u>	<u>1,187,450</u>
Disbursements:						
General government					1,321	1,321
Law enforcement		100,374			633,951	734,325
Highways and streets	779,627					779,627
Public safety					195,983	195,983
Transfers out				15,100		15,100
Total Disbursements	<u>779,627</u>	<u>100,374</u>		<u>15,100</u>	<u>831,255</u>	<u>1,726,356</u>
Cash Balance, December 31, 2022	<u>\$ 270,052</u>	<u>\$ 35,831</u>	<u>\$ 101,362</u>	<u>\$ 722</u>	<u>\$ 0</u>	<u>\$ 407,967</u>

CITY OF TONTITOWN, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Schedule 3

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2021	\$ 4,231,733	\$ 706,355
Receipts:		
State aid	157,558	257,446
Federal aid	54,916	451,450
Property taxes	599,323	95,107
Franchise fees	437,597	
Sales taxes	2,174,363	161,658
Fines, forfeitures, and costs	352,233	58,162
Interest	7,241	1,286
Local permits and fees	664,473	20,000
Insurance proceeds	68,424	
Other	52,455	32
Transfers in		1,050,000
Total Receipts	<u>4,568,583</u>	<u>2,095,141</u>
Disbursements:		
General government	1,313,983	13,457
Law enforcement	1,200,477	46,610
Highways and streets		1,773,026
Public safety	462,998	5,383
Recreation and culture	351,564	2,691
Wastewater		13,456
Transfers out	1,050,000	
Contributions to water and sewer department	483,476	
Total Disbursements	<u>4,862,498</u>	<u>1,854,623</u>
Cash Balance, December 31, 2021	<u>\$ 3,937,818</u>	<u>\$ 946,873</u>

CITY OF TONTITOWN, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (UNAUDITED)

Schedule 4

	Street	Emergency Vehicle (Act 988)	Fire Equipment and Training (Act 833)	Undercover Operations	American Rescue Plan Act	Total
Cash Balance, January 1, 2021	\$ 592,346	\$ 45,288	\$ 64,262	\$ 4,459		\$ 706,355
Receipts:						
State aid	239,739		17,707			257,446
Federal aid					\$ 451,450	451,450
Property taxes	95,107					95,107
Sales taxes	161,658					161,658
Fines, forfeitures, and costs		50,785		7,377		58,162
Interest	661	40	50		535	1,286
Local permits and fees	20,000					20,000
Other	32					32
Transfers in	1,050,000					1,050,000
Total Receipts	<u>1,567,197</u>	<u>50,825</u>	<u>17,757</u>	<u>7,377</u>	<u>451,985</u>	<u>2,095,141</u>
Disbursements:						
General government					13,457	13,457
Law enforcement		11,327			35,283	46,610
Highways and streets	1,770,335				2,691	1,773,026
Public safety					5,383	5,383
Recreation and culture					2,691	2,691
Water and sewer					13,456	13,456
Total Disbursements	<u>1,770,335</u>	<u>11,327</u>			<u>72,961</u>	<u>1,854,623</u>
Cash Balance, December 31, 2021	<u>\$ 389,208</u>	<u>\$ 84,786</u>	<u>\$ 82,019</u>	<u>\$ 11,836</u>	<u>\$ 379,024</u>	<u>\$ 946,873</u>

CITY OF TONTITOWN, ARKANSAS
 OTHER INFORMATION
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
 (UNAUDITED)

1. Cash balances on the Financial Schedules include demand and savings accounts.
2. The General Fund column on the Financial Schedules includes the following bank accounts:
 General Fund, City Museum, Parks and Trails Development Money Market, General Fund Money Market, and Payroll Clearing

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

	December 31, 2022	December 31, 2021
Land	\$ 993,142	\$ 722,786
Buildings and improvements	1,896,354	1,884,709
Equipment	1,946,578	1,442,949
Totals	\$ 4,836,074	\$ 4,050,444

4. Outstanding balances at year-end for long-term liabilities are as follows:

	December 31, 2022	December 31, 2021
Financed purchases	\$ 547,696	\$ 230,000
Bonds payable	5,300,000	
Totals	\$ 5,847,696	\$ 230,000

CITY OF TONTITOWN, ARKANSAS
 OTHER INFORMATION
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
 (UNAUDITED)

Schedule 5

5. Outstanding balances at year-end for long-term liabilities are as follows:

	December 31, 2022	December 31, 2021
Sales and Use Tax Improvement Bonds -Series 2022A, issued January 18, 2022, for \$5,300,000; annual installments beginning February 1, 2023, with the final settlement due February 2, 2047, interest at of 1.500 to 3.170%. Payments are to be made from the Debt Service Fund.	\$ 5,300,000	
Financed purchase, dated March 4, 2021, in the amount of \$230,000, with Community First National Bank to finance the purchase of a new Midwest Tanker Pumper on Freightliner Chassis. Annual installments of \$50,042 beginning July 1, 2022 at an interest rate of 2.624% . Payments are to be made from the General Fund.	187,696	\$ 230,000
Financed purchase, dated August 1, 2022, in the amount of \$360,000, with KS State Bank for the purchase of Six 2022 Dodge Durango AWD Police Pursuit Vehicles. Annual payments of \$100,112 beginning August 1, 2023 at an interest rate of 4.352%. Payments are to be made from the General Fund.	360,000	
Totals	\$ 5,847,696	\$ 230,000

CITY OF TONTITOWN, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(UNAUDITED)

Schedule 5

6. The City is obligated for the following amounts at December 31, 2022:

Years Ending December 31,	Financed Purchases	Bonds	Total
2023	\$ 150,154	\$ 183,241	\$ 333,395
2024	150,155	274,833	424,988
2025	150,154	272,883	423,037
2026	150,155	275,933	426,088
2027		273,908	273,908
2028 through 2032		1,367,329	1,367,329
2033 through 2037		1,664,514	1,664,514
2038 through 2042		1,662,799	1,662,799
2043 through 2047		1,667,880	1,667,880
Total Obligations	<u>600,618</u>	<u>7,643,320</u>	<u>8,243,938</u>
Less Interest	<u>52,922</u>	<u>2,343,320</u>	<u>2,396,242</u>
Total Principal	<u>\$ 547,696</u>	<u>\$ 5,300,000</u>	<u>\$ 5,847,696</u>

The City is obligated for the following amounts at December 31, 2021:

Years Ending December 31,	Financed Purchases
2022	\$ 50,042
2023	50,042
2024	50,042
2025	50,042
2026	<u>50,043</u>
Total Obligations	250,211
Less Interest	<u>20,211</u>
Total Principal	<u>\$ 230,000</u>

7. The City received federal funding in the following amounts related to COVID-19 relief:

	December 31, 2022	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 451,445</u>	<u>\$ 451,450</u>