

City of London, Arkansas

Financial and Compliance Report

December 31, 2021 and 2020

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF LONDON, ARKANSAS
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FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Financial and Compliance Report

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Arkansas

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Sen. Gary Stubblefield
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

City of London, 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 London, Arkansas, as of and for the years ended December 31, 2021 and 2020, and have issued our report thereon dated August 18, 2022. These procedures were not performed for the Water Department. 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 2021 and 2020:

Mayor: James Frost (resigned February 4, 2020)
Edwin Price (appointed March 3, 2020)
Recorder/Treasurer: Amy Cottingham
District Court Clerk: Amy Chronister (resigned July 14, 2020)
Tara Bruhn (appointed July 14, 2020)
Police Chief: Joann Demmitt

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

The 2021 budget was not adopted by ordinance or resolution, in noncompliance with Ark. Code Ann. § 14-58-202.

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

A handwritten signature in cursive script, reading "Roger A. Norman".

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

Little Rock, Arkansas
August 18, 2022
LOM211321

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

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2021	\$ 405,944	\$ 156,982
Receipts:		
State aid	16,603	83,578
Federal aid		110,532
Property taxes		11,238
Franchise fees	31,092	
Sales taxes	217,870	
Fines, forfeitures, and costs	47,227	1,815
Interest	291	134
Local permits and fees	2,350	
Other	3,360	
Total Receipts	<u>318,793</u>	<u>207,297</u>
Disbursements:		
General government	83,158	31
Law enforcement	129,966	
Highways and streets	7,433	86,369
Public safety	9,036	
Recreation and culture	94	
Social services	5,000	
Contribution to water and sewer	49,805	22,044
Debt service	36,274	
Total Disbursements	<u>320,766</u>	<u>108,444</u>
Cash Balance, December 31, 2021	<u>\$ 403,971</u>	<u>\$ 255,835</u>

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

Schedule 2

	Street	District Court Automation	American Rescue Plan Act (ARPA)	Total
Cash Balance, January 1, 2021	\$ 152,595	\$ 4,387		\$ 156,982
Receipts:				
State aid	83,578			83,578
Federal aid			\$ 110,532	110,532
Property taxes	11,238			11,238
Fines, forfeitures, and costs		1,815		1,815
Interest	112	4	18	134
Total Receipts	<u>94,928</u>	<u>1,819</u>	<u>110,550</u>	<u>207,297</u>
Disbursements:				
General government			31	31
Highways and streets	86,369			86,369
Contribution to water and sewer			22,044	22,044
Total Disbursements	<u>86,369</u>		<u>22,075</u>	<u>108,444</u>
Cash Balance, December 31, 2021	<u>\$ 161,154</u>	<u>\$ 6,206</u>	<u>\$ 88,475</u>	<u>\$ 255,835</u>

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

Schedule 3

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2020	\$ 425,836	\$ 121,881
Receipts:		
State aid	15,416	78,435
Property taxes		11,453
Franchise fees	29,523	
Sales taxes	199,169	
Fines, forfeitures, and costs	40,376	2,090
Interest	441	146
Local permits and fees	2,350	
Other	603	6,000
Total Receipts	<u>287,878</u>	<u>98,124</u>
Disbursements:		
General government	133,010	
Law enforcement	123,213	
Highways and streets	4,033	63,023
Public safety	18,857	
Recreation and culture	596	
Social services	5,000	
Contribution to water and sewer	6,036	
Debt service	17,025	
Total Disbursements	<u>307,770</u>	<u>63,023</u>
Cash Balance, December 31, 2020	<u>\$ 405,944</u>	<u>\$ 156,982</u>

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

Schedule 4

	Street	District Court Automation	Total
Cash Balance, January 1, 2020	\$ 119,587	\$ 2,294	\$ 121,881
Receipts:			
State aid	78,435		78,435
Property taxes	11,453		11,453
Fines, forfeitures, and costs		2,090	2,090
Interest	143	3	146
Other	6,000		6,000
Total Receipts	96,031	2,093	98,124
Disbursements:			
Highways and streets	63,023		63,023
Cash Balance, December 31, 2020	\$ 152,595	\$ 4,387	\$ 156,982

CITY OF LONDON, ARKANSAS
OTHER INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(UNAUDITED)

Schedule 5

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, 2021	December 31, 2020
Police Bond and Fine	\$ 12,975	\$ 4,164
Administration of Justice	1,146	1,145

These balances represent 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, 2021	December 31, 2020
Land	\$ 41,660	\$ 41,660
Buildings	315,992	315,992
Equipment	403,459	402,753
Total	<u>\$ 761,111</u>	<u>\$ 760,405</u>

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

	December 31, 2020
Notes payable	<u>\$ 29,051</u>

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

	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 110,532</u>