

**City of Shannon Hills, Arkansas**

**Financial and Compliance Report**

**December 31, 2021**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF SHANNON HILLS, ARKANSAS  
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FOR THE YEAR ENDED DECEMBER 31, 2021

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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

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, 2021, and have issued our report thereon dated May 3, 2022. 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 2021:

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**

An audit or agreed-upon procedures report and compilation was not obtained for the Water and Sewer Department for 2020 and 2019, as required by Ark. Code Ann. § 14-234-119.

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 that reads "Roger A. Norman".

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

Little Rock, Arkansas  
May 3, 2022  
LOM216921

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

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2021	\$ 281,792	\$ 160,558
Receipts:		
State aid	55,025	753,527
Federal aid	2,550	413,328
Property taxes	139,064	69,532
Franchise fees	196,900	
Sales taxes	176,807	
Fines, forfeitures, and costs	76,938	3,420
Interest	334	327
Local permits and fees	14,496	
Auction proceeds		9,770
Other	9,503	22,735
Transfers in	9,770	
Total Receipts	<u>681,387</u>	<u>1,272,639</u>
Disbursements:		
General government	171,742	4,753
Law enforcement	456,721	38
Highways and streets		765,527
Public safety		725
Health	3,832	
Recreation and culture	28,289	
Wastewater		81,922
Debt service	13,454	4,326
Transfers out		9,770
Total Disbursements	<u>674,038</u>	<u>867,061</u>
Cash Balance, December 31, 2021	<u>\$ 289,141</u>	<u>\$ 566,136</u>

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

Schedule 2

	Street	Drug Seizure	Court Automation	Shannon Hills American Rescue Plan	Total
Cash Balance, January 1, 2021	\$ 132,927	\$ 1,034	\$ 26,597		\$ 160,558
Receipts:					
State aid	753,527				753,527
Federal aid				\$ 413,328	413,328
Property taxes	69,532				69,532
Fines, forfeitures, and costs			3,420		3,420
Interest	235		47	45	327
Auction proceeds		9,770			9,770
Other	22,727			8	22,735
Total Receipts	846,021	9,770	3,467	413,381	1,272,639
Disbursements:					
General government				4,753	4,753
Law enforcement			38		38
Highways and streets	765,527				765,527
Public safety		725			725
Wastewater				81,922	81,922
Debt service	4,326				4,326
Transfers out		9,770			9,770
Total Disbursements	769,853	10,495	38	86,675	867,061
Cash Balance, December 31, 2021	\$ 209,095	\$ 309	\$ 30,026	\$ 326,706	\$ 566,136

CITY OF SHANNON HILLS, ARKANSAS  
OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)

Schedule 3

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, Bank OZK Savings, Bancorp South Savings, and Surplus Sales

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

	December 31, 2021
District Court	\$ 18,407

This balance represent 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, 2021
Land	\$ 2,491,061
Equipment	676,910
Total	<u>\$ 3,167,971</u>

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

	December 31, 2021
Leases payable	\$ 10,629
Notes payable	105,018
Total	<u>\$ 115,647</u>

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

	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 413,328</u>