

**City of Shannon Hills, Arkansas**

**Financial and Compliance Report**

**December 31, 2022**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF SHANNON HILLS, ARKANSAS  
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FOR THE YEAR ENDED DECEMBER 31, 2022

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# Arkansas

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**Sen. John Payton**  
Senate Vice Chair



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**Rep. Richard Womack**  
House Vice Chair

**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, 2022, and have issued our report thereon dated May 16, 2023. 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 2022:

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

The minutes of the governing body did not document the review of the findings and recommendations and the action taken by the governing body for the prior report, as required by Ark. Code Ann. § 10-4-418.

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 16, 2023  
LOM216922

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

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2022	\$ 289,141	\$ 566,136
Receipts:		
State aid	66,983	387,651
Federal aid		413,323
Property taxes	187,721	71,554
Franchise fees	166,834	
Sales taxes	201,750	
Fines, forfeitures, and costs	71,554	3,000
Interest	415	487
Local permits and fees	30,863	
Other	221,480	5,273
Transfers in	6,050	22,324
Total Receipts	<u>953,650</u>	<u>903,612</u>
Disbursements:		
General government	725,240	86,588
Law enforcement	263,789	157
Highways and streets		263,171
Recreation and culture	9,739	
Wastewater	17,496	8,790
Debt service	13,454	12,977
Transfers out	22,324	6,050
Total Disbursements	<u>1,052,042</u>	<u>377,733</u>
Cash Balance, December 31, 2022	<u>\$ 190,749</u>	<u>\$ 1,092,015</u>

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

Schedule 2

	Street	Drug Seizure	Court Automation	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 209,095	\$ 309	\$ 30,026	\$ 326,706	\$ 566,136
Receipts:					
State aid	387,651				387,651
Federal aid				413,323	413,323
Property taxes	71,554				71,554
Fines, forfeitures, and costs			3,000		3,000
Interest	312		175		487
Other	5,273				5,273
Transfers in				22,324	22,324
Total Receipts	<u>464,790</u>		<u>3,175</u>	<u>435,647</u>	<u>903,612</u>
Disbursements:					
General government				86,588	86,588
Law enforcement			157		157
Highways and streets	263,171				263,171
Wastewater				8,790	8,790
Debt service	12,977				12,977
Transfers out	6,050				6,050
Total Disbursements	<u>282,198</u>		<u>157</u>	<u>95,378</u>	<u>377,733</u>
Cash Balance, December 31, 2022	<u>\$ 391,687</u>	<u>\$ 309</u>	<u>\$ 33,044</u>	<u>\$ 666,975</u>	<u>\$ 1,092,015</u>

CITY OF SHANNON HILLS, ARKANSAS  
OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(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, Cadence Bank Savings, and Surplus Sales
3. The cash balance at year-end in the custodial fund is as follows:

	December 31, 2022
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District Court	\$ 14,352

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, 2022
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Land	\$ 3,008,061
Equipment	<hr/> 676,413
Total	<hr/> <hr/> \$ 3,684,474

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

	December 31, 2022
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Financed purchases	\$ 5,944
Notes payable	<hr/> 81,023
Total	<hr/> <hr/> \$ 86,967

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

	December 31, 2022
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American Rescue Plan Act (ARPA)	\$ 413,323
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