

**City of Shannon Hills, Arkansas**

**Financial and Compliance Report**

**December 31, 2023**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF SHANNON HILLS, ARKANSAS  
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# Arkansas



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**Sen. John Payton**  
Senate Vice Chair

**Rep. Jimmy Gazaway**  
House Chair  
**Rep. Richard Womack**  
House Vice Chair

**Kevin William White, CPA, JD**  
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, 2023, and have issued our report thereon dated August 29, 2024. 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 commentary contained in this section relates to the following officials who held office during 2023:

Mayor: Mike Kemp  
Recorder: Robin Baker  
Treasurer: Mary Meyers  
District Court Clerk: Lindsey Dinwiddie  
Police Chief: Allen Spears (Appointed May 1, 2023)  
John Dudderar (Appointed February 1, 2023, Resigned May 1, 2023)  
Allen Spears (Retired February 1, 2023)

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

A handwritten signature in black ink, appearing to read "Kevin White".

Kevin William White, CPA, JD  
Legislative Auditor

Little Rock, Arkansas  
August 29, 2024  
LOM216923

CITY OF SHANNON HILLS, ARKANSAS  
SCHEDULE OF FINANCIAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(UNAUDITED)

Schedule 1

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Cash Balance, January 1, 2023	\$ 190,749	\$ 1,092,015		
Receipts:				
State aid	97,737	378,761		
Federal aid	7,000			
Property taxes	203,894	76,556		
Franchise fees	2,004		\$ 260,507	
Sales taxes	220,397			
Fines, forfeitures, and costs	80,383	3,250		
Interest	748	919	24	\$ 239
Local permits and fees	23,574			
Bond proceeds				521,149
Sale of assets	890			
Other	5,472	15,270		
Transfers in	17,010	12,045		
Total Receipts	<u>659,109</u>	<u>486,801</u>	<u>260,531</u>	<u>521,388</u>
Disbursements:				
General government	54,269		252	329
Law enforcement	419,187	678,969		
Highways and streets		367,802		
Recreation and culture	28,283			
Wastewater	4,201			
Debt service	13,455	14,059		
Transfers out	12,045	17,010		
Total Disbursements	<u>531,440</u>	<u>1,077,840</u>	<u>252</u>	<u>329</u>
Cash Balance, December 31, 2023	<u>\$ 318,418</u>	<u>\$ 500,976</u>	<u>\$ 260,279</u>	<u>\$ 521,059</u>

CITY OF SHANNON HILLS, ARKANSAS  
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (UNAUDITED)

Schedule 2

	<u>Street</u>	<u>Drug Seizure</u>	<u>Court Automation</u>	<u>American Rescue Plan Act</u>	<u>Jail Fees</u>	<u>Total</u>
Cash Balance, January 1, 2023	\$ 391,687	\$ 309	\$ 33,044	\$ 666,975		\$ 1,092,015
Receipts:						
State aid	378,761					378,761
Property taxes	76,556					76,556
Fines, forfeitures, and costs			3,250			3,250
Interest	451		468			919
Other	15,270					15,270
Transfers in					\$ 12,045	12,045
Total Receipts	<u>471,038</u>		<u>3,718</u>		<u>12,045</u>	<u>486,801</u>
Disbursements:						
Law enforcement		6	453	666,975	11,535	678,969
Highways and streets	367,802					367,802
Debt service	14,059					14,059
Transfers out	17,010					17,010
Total Disbursements	<u>398,871</u>	<u>6</u>	<u>453</u>	<u>666,975</u>	<u>11,535</u>	<u>1,077,840</u>
Cash Balance, December 31, 2023	<u>\$ 463,854</u>	<u>\$ 303</u>	<u>\$ 36,309</u>	<u>\$ 0</u>	<u>\$ 510</u>	<u>\$ 500,976</u>

CITY OF SHANNON HILLS, ARKANSAS  
 OTHER INFORMATION  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (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, 2023
District Court	\$ 25,265

These balances 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, 2023
Land	\$ 3,014,061
Equipment	903,925
Total	\$ 3,917,986

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

	December 31, 2023
Bond payable	\$ 555,172
Financed purchases	56,398
Total	\$ 611,570

CITY OF SHANNON HILLS, ARKANSAS  
OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(UNAUDITED)

Schedule 3

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

	December 31, 2023
Franchise Fee Revenue Bonds, Series 2023, dated January 31, 2023, in the amount of \$555,172 due in annual installments of \$47,034 to \$66,778 plus interest through January 1, 2033, interest rate of 4.45%. Payments are to be made from the Debt Service Fund.	\$ 555,172
Finance purchase agreement dated September 29, 2020, with BancorpSouth Equipment Finance in the amount of \$60,034 with interest rate of 2.59% for the purchase of three vehicles. Monthly payments of \$1,121 for 60 months. Payments are to be made from the General Fund.	22,995
Finance purchase agreement dated August 5, 2021, with BancorpSouth Equipment Finance in the amount of \$60,799 with interest rate of 2.59% for the purchase of two vehicles. Monthly payments of \$1,081 for 60 months. Payments are to be made from the Street Fund.	33,403
Total	\$ 611,570

7. The City is obligated for the following amounts at December 31, 2023:

Years Ending December 31,	Financed Purchases	Bonds	Total
2024	\$ 26,432	\$ 69,749	\$ 96,181
2025	23,068	69,749	92,817
2026	8,651	69,749	78,400
2027		69,750	69,750
2028		69,749	69,749
2029 through 2033		348,748	348,748
Total Obligations	58,151	697,494	755,645
Less Interest	1,753	142,322	144,075
Total Principal	\$ 56,398	\$ 555,172	\$ 611,570