

City of Tontitown, Arkansas

Financial and Compliance Report

December 31, 2020 and 2019

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF TONTITOWN, ARKANSAS
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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 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, 2020 and 2019, and have issued our report thereon dated July 20, 2021. 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 finding contained in this section relates to the following officials who held office during 2020 and 2019:

Mayor: Paul Colvin, Jr.
Recorder/Treasurer: Rhonda Ardemagni
Police Chief: Joey McCormick (resigned June 30, 2019)
Corey Jenison (appointed July 1, 2019)

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

Review of selected expenditures, for the period January 1, 2019 through December 31, 2020, revealed the following disbursements totaling \$8,727, in apparent conflict with the "public purpose" doctrine and Ark. Const. art. 12, § 5, as interpreted by the Attorney General in Op. Att'y Gen. No. 91-410:

- \$7,436 for the rental of an Olympic Tent and chairs for a memorial service for a former Mayor.
- \$1,291 for food purchases for employee luncheons without a documented business purpose.

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 black ink.

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

Little Rock, Arkansas
July 20, 2021
LOM120020

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

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2020	\$ 2,761,551	\$ 692,807
Receipts:		
State aid	36,499	202,519
Federal aid	97,460	
Property taxes	509,506	78,728
Franchise fees	500,642	
Sales taxes	1,815,565	23,225
Fines, forfeitures, and costs	321,938	44,374
Interest	25,252	3,558
Local permits and fees	584,587	
Contributions from Water and Sewer Department		1,271
Other	29,771	22,471
Total Receipts	<u>3,921,220</u>	<u>376,146</u>
Disbursements:		
General government	644,000	
Law enforcement	886,619	18,840
Highways and streets	1,917	343,758
Public safety	355,653	
Recreation and culture	48,702	
Contributions to Water and Sewer Department	514,147	
Total Disbursements	<u>2,451,038</u>	<u>362,598</u>
Cash Balance, December 31, 2020	<u>\$ 4,231,733</u>	<u>\$ 706,355</u>

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

Schedule 2

	Street	Emergency Vehicle (Act 988)	Fire Equipment and Training (Act 833)	Undercover Operations	Total
Cash Balance, January 1, 2020	\$ 621,234	\$ 19,719	\$ 47,395	\$ 4,459	\$ 692,807
Receipts:					
State aid	185,707		16,812		202,519
Property taxes	78,728				78,728
Sales taxes	23,225				23,225
Fines, forfeitures, and costs		44,374			44,374
Interest	3,468	35	55		3,558
Contributions from Water and Sewer Department	1,271				1,271
Other	22,471				22,471
Total Receipts	<u>314,870</u>	<u>44,409</u>	<u>16,867</u>		<u>376,146</u>
Disbursements:					
Law enforcement		18,840			18,840
Highways and streets	343,758				343,758
Total Disbursements	<u>343,758</u>	<u>18,840</u>			<u>362,598</u>
Cash Balance, December 31, 2020	<u>\$ 592,346</u>	<u>\$ 45,288</u>	<u>\$ 64,262</u>	<u>\$ 4,459</u>	<u>\$ 706,355</u>

CITY OF TONTITOWN, ARKANSAS
 SCHEDULE OF FINANCIAL INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (UNAUDITED)

Schedule 3

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Cash Balance, January 1, 2019	\$ 1,796,020	\$ 661,669
Receipts:		
State aid	38,891	192,706
Federal aid	7,412	
Property taxes	471,793	73,527
Franchise fees	471,544	
Sales taxes	1,544,219	
Fines, forfeitures, and costs	221,422	31,047
Interest	43,120	8,952
Local permits and fees	603,968	
Other	106,084	66,504
Transfers in		725
Total Receipts	<u>3,508,453</u>	<u>373,461</u>
Disbursements:		
General government	777,101	
Law enforcement	801,193	11,438
Highways and streets	179	323,978
Public safety	453,163	6,182
Recreation and culture	91,786	
Contribution to Water and Sewer Department	409,578	
Debt service	9,922	
Transfers out		725
Total Disbursements	<u>2,542,922</u>	<u>342,323</u>
Cash Balance, December 31, 2019	<u>\$ 2,761,551</u>	<u>\$ 692,807</u>

CITY OF TONTITOWN, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (UNAUDITED)

Schedule 4

	Street	Emergency Vehicle (Act 988)	Fire Equipment and Training (Act 833)	Undercover Operations	Total
Cash Balance, January 1, 2019	\$ 620,627	\$ 3,734	\$ 37,208	\$ 100	\$ 661,669
Receipts:					
State aid	176,381		16,325		192,706
Property taxes	73,527				73,527
Fines, forfeitures, and costs		26,688		4,359	31,047
Interest	8,898	10	44		8,952
Other	65,779		725		66,504
Transfers in		725			725
Total Receipts	<u>324,585</u>	<u>27,423</u>	<u>17,094</u>	<u>4,359</u>	<u>373,461</u>
Disbursements:					
Law enforcement		11,438			11,438
Highways and streets	323,978				323,978
Public safety			6,182		6,182
Transfers out			725		725
Total Disbursements	<u>323,978</u>	<u>11,438</u>	<u>6,907</u>		<u>342,323</u>
Cash Balance, December 31, 2019	<u>\$ 621,234</u>	<u>\$ 19,719</u>	<u>\$ 47,395</u>	<u>\$ 4,459</u>	<u>\$ 692,807</u>

CITY OF TONTITOWN, ARKANSAS
 OTHER INFORMATION
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
 (UNAUDITED)

Schedule 5

1. Cash balances on the Financial Schedules include demand and savings accounts and certificates of deposit.

2. The General Fund column on the Financial Schedules includes the following bank accounts:
 General Fund, General Fund Building Money Market, and Payroll Clearing

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

	December 31, 2020	December 31, 2019
Land	\$ 338,127	\$ 201,152
Buildings	1,617,135	1,760,029
Equipment	1,273,441	1,251,602
 Total	 \$ 3,228,703	 \$ 3,212,783