

City of Hamburg, Arkansas

Financial and Compliance Report

December 31, 2021

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HAMBURG, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2021

Financial and Compliance Report

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Arkansas

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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 Hamburg, 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 Hamburg, Arkansas, as of and for the year ended December 31, 2021, and have issued our report thereon dated May 22, 2023. 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 findings contained in this section relate to the following officials who held office during 2021:

Mayor: Dane Weindorf - January 1 to February 20, 2021
David Streeter - June 15 to December 31, 2021
Recorder/Treasurer: Peggy Akers
District Court Clerk: Heather Smith
Police Chief/Marshal: Johnny Oliver

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 cursive script, reading "Roger A. Norman".

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

Little Rock, Arkansas
May 22, 2023
LOM104021

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

Schedule 1

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Fund (Capital Improvement Fund)	Fireman's Pension Trust Fund
Cash Balance, January 1, 2021	\$ 233,165	\$ 421,841	\$ 464,662	\$ 1,261,709	\$ 231,649
Receipts:					
State aid	45,544	272,818		96,000	4,098
Federal aid	2,550	269,647			
Property taxes	110,617	19,689			
Franchise fees	124,562				
Sales taxes	397,090	379,586	379,586	379,586	
Fines, forfeitures, and costs	60,934	35,648			
Interest	2,513	2,309	24	2,348	8,689
Local permits and fees	7,617				
Sanitation fees	269,014				
Mosquito fees	28,074				
Contributions from the water department	1,842				
Net increase/(decrease) in fair value of investments					58,707
Other	74,635	24,799		20,000	
Transfers in	23,465				
Total Receipts	1,148,457	1,004,496	379,610	497,934	71,494
Disbursements:					
General government	253,701	72,487		13,357	
Law enforcement	607,009	22,584		118,201	
Highways and streets		197,966		213,350	
Public safety	43,795	346,088	1,800		30,811
Sanitation	182,452			12	
Health	14,059				
Recreation and culture	55,243		1,800	701	
Wastewater				71,871	
Debt service			384,269	16,130	
Transfers out		23,465			
Total Disbursements	1,156,259	662,590	387,869	433,622	30,811
Cash Balance, December 31, 2021	\$ 225,363	\$ 763,747	\$ 456,403	\$ 1,326,021	\$ 272,332

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

Schedule 2

	Street	District Court Cost	Act 833	District Judge & Clerk Retirement	Ambulance Fund	America Relief Fund Act	Total
Cash Balance, January 1, 2021	\$ 170,201	\$ 15,196	\$ 95,768	\$ 6,274	\$ 134,402		\$ 421,841
Receipts:							
State aid	229,054		43,764				272,818
Federal aid						\$ 269,647	269,647
Property taxes	19,689						19,689
Sales taxes					379,586		379,586
Fines, forfeitures, and costs		35,130		518			35,648
Interest	2,204		54		51		2,309
Other	11,640	12,229	930				24,799
Total Receipts	<u>262,587</u>	<u>47,359</u>	<u>44,748</u>	<u>518</u>	<u>379,637</u>	<u>269,647</u>	<u>1,004,496</u>
Disbursements:							
General government						72,487	72,487
Law enforcement		15,826		6,758			22,584
Highways and streets	197,966						197,966
Public safety			85,306		260,782		346,088
Transfers out		23,431		34			23,465
Total Disbursements	<u>197,966</u>	<u>39,257</u>	<u>85,306</u>	<u>6,792</u>	<u>260,782</u>	<u>72,487</u>	<u>662,590</u>
Cash Balance, December 31, 2021	<u>\$ 234,822</u>	<u>\$ 23,298</u>	<u>\$ 55,210</u>	<u>\$ 0</u>	<u>\$ 253,257</u>	<u>\$ 197,160</u>	<u>\$ 763,747</u>

CITY OF HAMBURG, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - DEBT SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (UNAUDITED)

Schedule 3

	Sales and Use Tax Bonds - Series 2017A Fire Station Facilities	Sales and Use Tax Bonds - Series 2017B Recreational Facilities	Total
Cash Balance, January 1, 2021	\$ 238,114	\$ 226,548	\$ 464,662
Receipts:			
Sales taxes	189,793	189,793	379,586
Interest	12	12	24
Total Receipts	<u>189,805</u>	<u>189,805</u>	<u>379,610</u>
Disbursements:			
Public safety	1,800		1,800
Recreation and culture		1,800	1,800
Debt service	190,275	193,994	384,269
Total Disbursements	<u>192,075</u>	<u>195,794</u>	<u>387,869</u>
Cash Balance, December 31, 2021	<u>\$ 235,844</u>	<u>\$ 220,559</u>	<u>\$ 456,403</u>

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

Schedule 4

1. Cash balances on the Financial Schedules include demand and savings accounts and certificates of deposit. Investment balances include mutual funds.
2. Cash balances at year-end in the custodial funds are as follows:

	December 31, 2021
	<hr/>
Police Bond and Fine	\$ 1,240
District Court	70,470

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
	<hr/>
Land	\$ 5,303,355
Buildings	1,083,797
Equipment	<hr/> 2,354,075
Total	<hr/> <hr/> \$ 8,741,227

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

	December 31, 2021
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Leases payable	\$ 114,857
Bonds payable	<hr/> 2,915,000
Total	<hr/> <hr/> \$ 3,029,857

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

Schedule 4

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

	December 31, 2021
Sales and Use Tax Capital Improvement Bond-Series A to finance capital improvements for constructing a new fire station, ambulance depot and related facilities and equipment; dated October 23, 2017, in the amount of \$1,500,000; due in annual installments of \$75,000 to \$130,000 plus interest, through February 1, 2032; interest rate at 1.75 - 3%. Payments are to be made from the Sales and Use Tax Bond - Series 2017A Fund.	\$ 1,090,000
Sales and Use Tax Capital Improvement Bond- Series B to finance capital improvements for the City's park's and recreational facilities, dated October 23, 2017; in the amount of \$2,150,000; due in annual installments of \$55,000 to \$135,000 plus interest, through February 1, 2040; interest rate at 1.75 - 3.75%. Payments are to be made from the Sales and Use Tax Bond - Series 2017B Fund.	1,825,000
Lease-purchase agreement with BancorpSouth Equipment Finance dated January 14, 2021, in the amount of \$128,600, with an interest rate of 2.34% for the purchase of 2021 Freightliner M2 106 Truck and Refuse Body. Monthly installments due of \$1,613 for 36 months and a balloon payment of \$78,000 due at maturity on March 14, 2024. Payments are to be made from the Capital Improvement Fund.	114,857
	<u>114,857</u>
Total	<u>\$ 3,029,857</u>

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

Schedule 4

6. The City is obligated for the following amounts at December 31, 2021:

Years Ending December 31,	Leases	Bonds	Total
2022	\$ 19,356	\$ 273,575	\$ 292,931
2023	19,356	270,425	289,781
2024	81,226	271,375	352,601
2025		272,212	272,212
2026		272,937	272,937
2027 through 2031		1,338,762	1,338,762
2032 through 2036		698,488	698,488
2037 through 2040		435,088	435,088
Total Obligations	119,938	3,832,862	3,952,800
Less Interest	5,081	917,862	922,943
Total Principal	<u>\$ 114,857</u>	<u>\$ 2,915,000</u>	<u>\$ 3,029,857</u>

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

	December 31, 2021
American Rescue Plan Act (ARPA)	<u>\$ 269,647</u>