

# **City of Humphrey, Arkansas**

## **Financial and Compliance Report**

**December 31, 2020**

LEGISLATIVE JOINT AUDITING COMMITTEE

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CITY OF HUMPHREY, ARKANSAS  
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FOR THE YEAR ENDED DECEMBER 31, 2020

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# Arkansas

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Senate Vice Chair



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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 Humphrey, 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 Humphrey, Arkansas, as of and for the year ended December 31, 2020, and have issued our report thereon dated September 22, 2021. These procedures were not performed for the Water and Sewer System. 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 2020:

Mayor: Cleveland Hatch  
Recorder/Treasurer: Kimberly Burgess  
District Court Clerk: Samantha Price  
Police Chief: Scott Meredith

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 **Recorder/Treasurer**.

#### Recorder/Treasurer

1. As noted in three prior reports, the City has not provided correspondence regarding current negotiations with the Internal Revenue Service (IRS) for tax liabilities on salaries totaling \$1,026,776 paid from 2011 through 2017. Federal taxes have not been remitted for these salaries; however, IRS forms 941 and tax payments have been submitted to the IRS since 2018.
2. City council minutes for three months were not maintained for inspection in accordance with Ark. Code Ann. § 14-45-107. Additionally, the minutes did not document the Council's review of findings and recommendations related to the prior report, as required by Ark. Code Ann. § 10-4-418. A similar finding was noted in the prior year.

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  
September 22, 2021  
LOM209020

CITY OF HUMPHREY, 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	\$ 49,091	\$ 47,998
Receipts:		
State aid	589	58,213
Federal aid	22,067	
Property taxes	16,470	3,342
Franchise fees	20,429	
Sales taxes	66,818	7,785
Fines, forfeitures, and costs	25,199	543
Contribution from Jefferson County	2,000	
Community Center rental		1,300
Other	1,795	3,884
Total Receipts	<u>155,367</u>	<u>75,067</u>
Disbursements:		
General government	62,291	
Law enforcement	57,342	
Highways and streets	524	49,044
Public safety	9,246	11,629
Contribution to water and sewer	8,319	
Recreation and culture		2,211
Debt service		5,457
Total Disbursements	<u>137,722</u>	<u>68,341</u>
Cash Balance, December 31, 2020	<u>\$ 66,736</u>	<u>\$ 54,724</u>

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

Schedule 2

	Street	Fire Department Fire Training and Equipment (Act 833)	Community Center	Local Police and Fire Retirement LOPFI	Total
Cash Balance, January 1, 2020	\$ 29,001	\$ 15,978	\$ 77	\$ 2,942	\$ 47,998
Receipts:					
State aid	42,221	15,992			58,213
Property taxes	3,342				3,342
Sales taxes	7,785				7,785
Fines, forfeitures, and costs				543	543
Community Center rental			1,300		1,300
Other	2,125		1,759		3,884
Total Receipts	<u>55,473</u>	<u>15,992</u>	<u>3,059</u>	<u>543</u>	<u>75,067</u>
Disbursements:					
Highways and streets	49,044				49,044
Public safety		11,629			11,629
Recreation and culture			2,211		2,211
Debt service	5,457				5,457
Total Disbursements	<u>54,501</u>	<u>11,629</u>	<u>2,211</u>		<u>68,341</u>
Cash Balance, December 31, 2020	<u>\$ 29,973</u>	<u>\$ 20,341</u>	<u>\$ 925</u>	<u>\$ 3,485</u>	<u>\$ 54,724</u>

CITY OF HUMPHREY, ARKANSAS  
OTHER INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand accounts.

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

	December 31, 2020
	<u>          </u>
Police Bond and Fine	\$        347

This balance represents 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, 2020
	<u>          </u>
Land & buildings	\$       191,495
Equipment	<u>      384,142</u>
Total	<u><u>      \$ 575,637</u></u>