

City of Humphrey, Arkansas

Financial and Compliance Report

December 31, 2023 and 2022

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HUMPHREY, ARKANSAS
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Arkansas



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Kevin William White, CPA, JD
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 years ended December 31, 2023 and 2022, and have issued our report thereon dated April 11, 2025. 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 finding contained in this section relates to the following officials who held office during 2023 and 2022:

Mayor: Michael Hodges (2023)
Cleveland Hatch (2022)
Recorder/Treasurer: Stephanie Potter (Appointed July 2022)
Kimberly Burgess (Resigned March 2022)
District Court Clerk: Samantha Price
Police Chief: Randy Bateman (Appointed February 2023)
Chris Owens (April – December 2022)
Scott Meredith (February 2022)

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 offices of **Mayor** and **Recorder/Treasurer**.

Mayor

An audit or agreed-upon procedures report and compilation have not been obtained for the Water and Sewer System since 2021, as required by Ark. Code Ann. § 14-234-119. The City has an engagement letter dated November 20, 2024, for the 2022 agreed-upon procedures; however, as of report date, the engagement has not been completed. A similar finding was noted in the prior report.

Recorder/Treasurer

The City has been in negotiations with the Internal Revenue Service (IRS) related to unremitted federal taxes on salaries totaling \$1,026,776 paid from 2011 through 2017. The City submitted an Offer in Compromise to the IRS regarding these tax liabilities and is awaiting a response. IRS forms 941 and tax payments have been submitted to the IRS since 2018. A similar finding was noted in the prior five reports.

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" with a stylized flourish at the end.

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
April 11, 2025
LOM209023

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

Schedule 1

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2023	\$ 1,199	\$ 137,527
Receipts:		
State aid	30,480	56,984
Property taxes	17,406	3,228
Franchise fees	19,713	
Sales taxes	37,879	
Fines, forfeitures, and costs	6,437	
Local permits and fees	330	
Insurance proceeds	38,008	
Community center rental		150
Contributions from Jefferson County	20,022	
Other	22,967	4,020
Transfers in		1,500
Total Receipts	<u>193,242</u>	<u>65,882</u>
Disbursements:		
General government	94,816	19,887
Law enforcement	37,861	
Highways and streets	935	51,228
Public safety	10,809	19,147
Recreation and culture	1,309	1,400
Wastewater	10,400	
Transfers out	1,500	
Total Disbursements	<u>157,630</u>	<u>91,661</u>
Cash Balance, December 31, 2023	<u>\$ 36,811</u>	<u>\$ 111,748</u>

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

Schedule 2

	Street	Fire Training and Equipment (Act 833)	Local Police and Fire Retirement LOPFI	Community Center	American Rescue Plan Act	Total
Cash Balance, January 1, 2023	\$ 33,142	\$ 32,699	\$ 3,514	\$ 361	\$ 67,811	\$ 137,527
Receipts:						
State aid	39,057	17,927				56,984
Property taxes	3,228					3,228
Community center rental				150		150
Other	3,250		770			4,020
Transfers in				1,500		1,500
Total Receipts	<u>45,535</u>	<u>17,927</u>	<u>770</u>	<u>1,650</u>		<u>65,882</u>
Disbursements:						
General government			195		19,692	19,887
Highways and streets	51,228					51,228
Public safety		19,147				19,147
Recreation and culture				1,400		1,400
Total Disbursements	<u>51,228</u>	<u>19,147</u>	<u>195</u>	<u>1,400</u>	<u>19,692</u>	<u>91,661</u>
Cash Balance, December 31, 2023	<u>\$ 27,449</u>	<u>\$ 31,479</u>	<u>\$ 4,089</u>	<u>\$ 611</u>	<u>\$ 48,119</u>	<u>\$ 111,748</u>

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

Schedule 3

	General Fund	Special Revenue Funds
	<u> </u>	<u> </u>
Cash Balance, January 1, 2022	\$ 48,970	\$ 78,658
Receipts:		
State aid	31,676	56,822
Federal aid		47,373
Property taxes	16,699	2,378
Franchise fees	21,170	
Sales taxes	36,980	2,844
Fines, forfeitures, and costs	12,768	100
Local permits and fees	375	
Community center rental		1,525
Contributions from Jefferson County	5,072	19,174
Other	1,806	1,418
Transfers in		1,000
Total Receipts	<u>126,546</u>	<u>132,634</u>
Disbursements:		
General government	118,426	6,803
Law enforcement	35,592	
Highways and streets	1,986	39,147
Public safety	12,015	25,694
Recreation and culture		2,120
Wastewater	5,298	
Transfers out	1,000	
Total Disbursements	<u>174,317</u>	<u>73,764</u>
Cash Balance, December 31, 2022	<u>\$ 1,199</u>	<u>\$ 137,527</u>

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

Schedule 4

	Street	Fire Training and Equipment (Act 833)	Local Police and Fire Retirement LOPFI	Community Center	American Rescue Plan Act	Total
Cash Balance, January 1, 2022	\$ 25,622	\$ 22,371	\$ 3,806	\$ 9	\$ 26,850	\$ 78,658
Receipts:						
State aid	39,974	16,848				56,822
Federal aid					47,373	47,373
Property taxes	2,378					2,378
Sales taxes	2,844					2,844
Fines, forfeitures, and costs			100			100
Community center rental				1,525		1,525
Contributions from Jefferson County		19,174				19,174
Other	1,418					1,418
Transfers in				1,000		1,000
Total Receipts	<u>46,614</u>	<u>36,022</u>	<u>100</u>	<u>2,525</u>	<u>47,373</u>	<u>132,634</u>
Disbursements:						
General government			391		6,412	6,803
Highways and streets	39,094			53		39,147
Public safety		25,694				25,694
Recreation and culture				2,120		2,120
Total Disbursements	<u>39,094</u>	<u>25,694</u>	<u>391</u>	<u>2,173</u>	<u>6,412</u>	<u>73,764</u>
Cash Balance, December 31, 2022	<u>\$ 33,142</u>	<u>\$ 32,699</u>	<u>\$ 3,514</u>	<u>\$ 361</u>	<u>\$ 67,811</u>	<u>\$ 137,527</u>

CITY OF HUMPHREY, ARKANSAS
 OTHER INFORMATION
 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
 (UNAUDITED)

Schedule 5

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

2. Cash balances at year-end in the custodial fund are as follows:

	December 31, 2023	December 31, 2022
Police Bond and Fine	\$ 51	\$ (81)

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, 2023	December 31, 2022
Land	\$ 39,875	\$ 39,875
Buildings	118,308	118,308
Equipment	503,053	503,053
Totals	\$ 661,236	\$ 661,236

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

	December 31, 2022
American Rescue Plan Act (ARPA)	\$ 47,373