

City of Humphrey, Arkansas

Financial and Compliance Report

December 31, 2024

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HUMPHREY, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2024

Financial and Compliance Report

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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 year ended December 31, 2024, and have issued our report thereon dated August 21, 2026. These procedures were not performed for the Water and Sewer Funds. 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 2024:

Mayor: Michael Hodges
Recorder/Treasurer: Stephanie Potter
District Court Clerk: Samantha Price
Police Chief: Michael Williams (Appointed March 3, 2025)
Randy Bateman (Resigned March 3, 2025)

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 the **Mayor** and **Recorder/Treasurer**.

Mayor

The minutes of the governing body did not document the review of the prior report and accompanying comments, or action taken by governing body, as required by Ark Code Ann. § 10-4-418.

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. Per review of IRS correspondence, the City owes the IRS \$779,430 as of report date. A similar finding was noted in the prior six 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 dark ink, appearing to read "Kevin White".

Kevin William White, CPA, JD
Legislative Auditor

Little Rock, Arkansas
August 21, 2026
LOM209024

CITY OF HUMPHREY, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Schedule 1

	General Fund	Special Revenue Funds
Cash Balance, January 1, 2024	\$ 65,376	\$ 111,747
Receipts:		
State aid	462	57,408
Federal aid	46,821	7,400
Property taxes	16,191	4,686
Franchise fees	19,566	
Sales taxes	75,683	
Fines, forfeitures, and costs	10,062	
Local permits and fees	245	
Contribution from Jefferson County	5,375	
CD General Interest	427	
Other	7,399	17,003
Transfers in		8,341
Total Receipts	<u>182,231</u>	<u>94,838</u>
Disbursements:		
General government	71,776	
Law enforcement	54,148	7,426
Highways and streets	794	43,674
Public safety	7,118	26,105
Recreation and culture	2,134	
Wastewater	1,077	47,819
Transfers out		8,341
Unclassified		46
Total Disbursements	<u>137,047</u>	<u>133,411</u>
Cash Balance, December 31, 2024	<u>\$ 110,560</u>	<u>\$ 73,174</u>

CITY OF HUMPHREY, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2024
 (UNAUDITED)

Schedule 2

	Street	Fire Training and Equipment Act 833	Community Center	Local Police and Fire Retirement LOPFI	American Rescue Plan Act	Police Department	Public Safety FD	Total
Cash Balance, January 1, 2024	\$ 27,449	\$ 31,479	\$ 611	\$ 4,089	\$ 48,119			\$ 111,747
Receipts:								
State aid	38,073	19,335						57,408
Federal aid						\$ 7,400		7,400
Property taxes	4,686							4,686
Other	500	84		265		29	\$ 16,125	17,003
Transfers in							8,341	8,341
Total Receipts	<u>43,259</u>	<u>19,419</u>		<u>265</u>		<u>7,429</u>	<u>24,466</u>	<u>94,838</u>
Disbursements:								
Law enforcement						7,426		7,426
Highways and streets	43,374				300			43,674
Public safety		22,022					4,083	26,105
Wastewater					47,819			47,819
Transfers out		8,341						8,341
Unclassified		46						46
Total Disbursements	<u>43,374</u>	<u>30,409</u>			<u>48,119</u>	<u>7,426</u>	<u>4,083</u>	<u>133,411</u>
Cash Balance, December 31, 2024	<u>\$ 27,334</u>	<u>\$ 20,489</u>	<u>\$ 611</u>	<u>\$ 4,354</u>	<u>\$ 0</u>	<u>\$ 3</u>	<u>\$ 20,383</u>	<u>\$ 73,174</u>

CITY OF HUMPHREY, ARKANSAS
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Schedule 3

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 is as follows:

	<u>December 31,</u> <u>2024</u>
Police Bond and Fine	\$ 432

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:

	<u>December 31,</u> <u>2024</u>
Land	\$ 39,875
Buildings	190,435
Equipment	<u>450,319</u>
Total	<u>\$ 680,629</u>