

City of Hampton, Arkansas

Financial and Compliance Report

December 31, 2017

LEGISLATIVE JOINT AUDITING COMMITTEE



CITY OF HAMPTON, ARKANSAS
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FOR THE YEAR ENDED DECEMBER 31, 2017

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Arkansas

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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 Hampton, 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 Hampton, Arkansas, as of and for the year ended December 31, 2017, and have issued our report thereon dated September 10, 2018. 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/commentary contained in this section relates to the following officials who held office during 2017:

Mayor: Rick Shirron
Recorder/Treasurer: Judy Southall
District Court Clerk - City: Laura Beth Evans
District Court Clerk – County: Angela Daniell
Police Chief: Cole Knoedl (resigned June 21, 2017), Chris Walker (appointed July 24, 2017)

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.

Our procedures indicated that the offices of the **Recorder/Treasurer**, **District Court Clerks** and the **Police Chief** were in substantial compliance with Arkansas fiscal and financial laws. Noncompliance with state law and accepted accounting practices was noted in the office of the **Mayor**.

Mayor

The City paid credit card charges totaling \$555 for fuel placed in the Police Chief's personal vehicle, during the period November 6, 2017 through March 8, 2018, in apparent conflict with Ark. Code Ann. § 14-58-303 requiring a public purpose for City purchases. These purchases are currently being investigated by the Calhoun County Sheriff's Office.

General and Street Fund disbursements exceeded appropriations by \$111,777 and \$33,224, respectively, in noncompliance with Ark Code Ann. § 14-58-203.

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 cursive.

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

Little Rock, Arkansas
September 10, 2018
LOM207717

CITY OF HAMPTON, ARKANSAS
SCHEDULE OF FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

Schedule 1

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Cash Balance, January 1, 2017	\$ 247,827	\$ 170,707
Receipts:		
State aid	38,423	101,002
Federal aid	3,500	
Property taxes	44,574	17,023
Franchise fees	92,183	
Sales taxes	291,956	
Fines, forfeitures, and costs	90,212	7,722
Interest	76	74
Local permits and fees	1,168	
Proceeds from bank loan	20,000	
Contributions from water and sewer	15,751	
Other	36,513	3,550
Transfers in	1,833	
Total Receipts	<u>636,189</u>	<u>129,371</u>
Disbursements:		
General government	176,759	
Law enforcement	307,476	4,251
Highways and streets	17,425	141,603
Public safety	22,703	7,889
Sanitation	94,601	
Recreation and culture	16,196	
Debt service		5,647
Transfers out		1,833
Total Disbursements	<u>635,160</u>	<u>161,223</u>
Cash Balance, December 31, 2017	<u>\$ 248,856</u>	<u>\$ 138,855</u>

CITY OF HAMPTON, ARKANSAS
 COMBINING SCHEDULE OF FINANCIAL INFORMATION - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (UNAUDITED)

Schedule 2

	Street	Local Police and Fire Retirement	Fire Department (Act 833)	Motor Vehicle Liability Insurance	Court Clerk Automation	Police Department Special Asset Forfeiture	Arkansas District Judge Retirement	Hampton Cemetery	Total
Cash Balance, January 1, 2017	\$ 104,381	\$ 24,305	\$ 28,105	\$ 5,797	\$ 1,285	\$ 3,227	\$ 917	\$ 2,690	\$ 170,707
Receipts:									
State aid	91,080		9,922						101,002
Property taxes	13,372		3,651						17,023
Fines, forfeitures, and costs				3,586	3,220		916		7,722
Interest		74							74
Other	290		3,080			180			3,550
Total Receipts	<u>104,742</u>	<u>74</u>	<u>16,653</u>	<u>3,586</u>	<u>3,220</u>	<u>180</u>	<u>916</u>		<u>129,371</u>
Disbursements:									
General government									
Law enforcement				2,504	1,016	731			4,251
Highways and streets	141,603								141,603
Public safety			7,889						7,889
Sanitation									
Recreation and culture									
Debt service				5,647					5,647
Transfers out							1,833		1,833
Total Disbursements	<u>141,603</u>		<u>7,889</u>	<u>8,151</u>	<u>1,016</u>	<u>731</u>	<u>1,833</u>		<u>161,223</u>
Cash Balance, December 31, 2017	<u>\$ 67,520</u>	<u>\$ 24,379</u>	<u>\$ 36,869</u>	<u>\$ 1,232</u>	<u>\$ 3,489</u>	<u>\$ 2,676</u>	<u>\$ 0</u>	<u>\$ 2,690</u>	<u>\$ 138,855</u>

CITY OF HAMPTON, ARKANSAS
 OTHER INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (UNAUDITED)

Schedule 3

1. Cash balances on the Financial Schedules include demand accounts and certificates of deposit.
2. The General Fund column on the Financial Schedules includes the following bank accounts:
 General and Service Fee
3. Cash balances at year-end in the agency funds are as follows:

	December 31, 2017
Police Bond and Fine Fund	\$ 127
District Court Fund	48,656
Administration of Justice Fund	100

These balances represent fines, forfeitures, and costs that have not been transferred to the appropriate entities.

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

	December 31, 2017
Land	\$ 348,060
Buildings	91,668
Equipment	691,703
Total	\$ 1,131,431

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

	December 31, 2017
Notes payable	\$ 19,054