

**CITY OF HUMPHREY WATER AND SEWER DEPARTMENT
Humphrey, Arkansas**

For the Year Ended December 31, 2019

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
AND COMPILATION REPORT**

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**CITY OF HUMPHREY
WATER AND SEWER DEPARTMENT
HUMPHREY, ARKANSAS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

**To the Mayor, City Council and Management
of City of Humphrey, Arkansas Water and Sewer Department
Humphrey, Arkansas**

I have performed the procedures enumerated below, which were agreed to by the members of the City Council on the procedures specified by Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. §14-234-119 for the Humphrey Water and Sewer Department (the Department), for the year ended December 31, 2019. The Department's management is responsible for the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. §14-234-119. The sufficiency of these procedures is solely the responsibility of the members of the City Council. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and findings are as follows:

1. Cash and Investments

- A. Perform a proof of cash for the year and reconcile year-end bank balances to book balance.
- B. Confirm with depository institutions the cash on deposit and investments.
- C. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

Findings: I found no exceptions as a result of the above procedures.

2. Receipts

- A. Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.
- B. Agree ten customer payments on the accounts receivable subsidiary ledger to deposit and billing documents.
- C. For one deposit, agree the cash/check composition of the deposit with receipt information.

Findings: I found no exceptions as a result of the above procedures.

3. Accounts Receivable

- A. Agree ten customer billings to the accounts receivable subledger.
- B. Determine five customer adjustments were properly authorized.

Findings: I found no exceptions as a result of the above procedure 3(A).

**Findings: I found the following exception as a result of the above procedure 3(B):
Customer adjustments were not properly authorized.**

4. Disbursements

- A. Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.
- B. Analyze all property, plant, and equipment disbursements.
- C. Select all disbursements paid to employees other than payroll and ten other disbursements and determine if they were adequately documented.

Findings: I found no exceptions as a result of the above procedures.

5. Property, Plant & Equipment

- A. Determine that additions and disposals were properly accounted for in the records.

Findings: I found no exceptions as a result of the above procedure.

6. Long-Term Debt

- A. Schedule long-term debt and verify changes in all balances for the year.
- B. Confirm loans, bonds, notes and contracts payable with the lender/trustee/contractor.
- C. Determine that the appropriate debt services accounts have been established and maintained.

Findings: I found no exceptions as a result of the above procedure 6(B)

Findings: I found the following exceptions as a result of the above procedure 6(A) and 6(C):

6(A): The Department did not make all of their required debt payments as listed in the debt covenants. State turnback funds were withheld from the City of Humphrey to make a portion of the required debt service payments.

6(B): The Department did not maintain the required balance for the debt service reserve as required by the debt covenant.

7. General

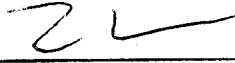
- A. Determine the any items of financial significance were approved and documented in the minutes of the governing body's meetings.

Findings: I found no exceptions as a result of the above procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. I was not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. §14-234-119. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, USDA Rural Development, Arkansas Natural Resource Commission and the City of Humphrey Water and Sewer Department and is not intended to be and should not be used by anyone other than those specified party.

BAKER FIRM, P.A.

By: 

Zac Baker, CPA
Jonesboro, Arkansas
August 15, 2023


INDEPENDENT ACCOUNTANT'S COMPIILATION REPORT

**To the Mayor, City Council and Management
of City of Humphrey, Arkansas Water and Sewer Department
Humphrey, Arkansas**

Management is responsible for the accompanying financial statements of the City of Humphrey Water and Sewer Department (the Department) business-type activities, which comprise the statement of assets, liabilities, and net position-modified cash basis as of December 31, 2019 and the related statement of cash receipts and cash disbursements for the year then ended. Management is also responsible for determining the modified-cash basis of accounting is an acceptable financial reporting framework. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements, nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures ordinarily required in financial statements prepared in accordance with the modified-cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusion about the Department's financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

BAKER FIRM, P.A.

By: 

Zac Baker, CPA
Jonesboro, Arkansas
August 15, 2023

**CITY OF HUMPHREY WATER AND SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)**

ASSETS

CURRENT ASSETS

Cash	\$ 215,195
Certificate of deposits	28,210
	243,405

RESTRICTED ASSETS

Cash	33,732
Investments	13,796
	47,528

CAPITAL ASSETS

Capital assets, net of accumulated depreciation	1,012,621
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TOTAL ASSETS	\$ 1,303,554
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Customer deposits	\$ 12,390
Interfund payable to the City of Humphrey	15,230
Current maturities of long-term debt	221,238
Total current liabilities	248,858

LONG TERM LIABILITIES

Long term debt, net of current maturities	552,122
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TOTAL LIABILITIES	800,980
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NET POSITION

Net investment in capital assets	249,719
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Restricted for:

Expendable:

Renewal and replacement	24,680
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Unrestricted	228,175
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TOTAL NET POSITION	502,574
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TOTAL LIABILITIES AND NET POSITION	\$ 1,303,554
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SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**CITY OF HUMPHREY WATER AND SEWER DEPARTMENT
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(UNAUDITED)**

CASH RECEIPTS

Water services	\$ 104,986
Sewer services	37,373
Sanitation	46,851
Meter deposits	1,900
Interest	
Miscellaneous	2,680
TOTAL CASH RECEIPTS	<u>193,790</u>

CASH DISBURSEMENTS

Debt Service:	
Principal	10,945
Interest	10,187
Bank fees	
Deposit refunds	840
Insurance	2,235
Miscellaneous	7,210
Office supplies	2,857
Operation and maintenance	17,415
Payroll expenses	34,593
Payroll taxes	2,955
Sales tax	10,713
Sanitation	40,192
Truck expense	433
Utilities	19,020
TOTAL CASH DISBURSEMENTS	<u>159,595</u>

INCREASE/(DECREASE) IN CASH	34,195
BEGINNING CASH , AT JANUARY 1, 2019	<u>214,732</u>
ENDING CASH, AT DECEMBER 31, 2019	<u><u>\$ 248,927</u></u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT