

CITY OF HUMNOKE WATER DEPARTMENT
Humnoke, Arkansas
For the Year Ended December 31, 2020

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES



American Institute of CPAs

Arkansas Society of CPAs

Texas Society of CPAs

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**The Mayor and Members of the City Council
City of Humnoke Water Department
Humnoke, Arkansas**

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

We have performed the procedures enumerated below, which were agreed to by the members of the Council on the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119 for the City of Humnoke Water Department for the year ended December 31, 2020. The City of Humnoke Water 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 Council. Consequently, we 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 associated findings are as follows:

Cash

1. 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: We found no exceptions as a result of the procedures.

Receipts

2. 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 10 customer payments on the accounts receivable subledger to deposit and billing documents.
- c. For one deposit, agree the cash/check composition of the deposit with receipt information.

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

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**The Mayor and Members of the City Council
City Of Humnoke Water Department**

Accounts Receivable

3. a. Agree 10 customer billings to the accounts receivable sub ledger.
- b. Determine that five (5) customer adjustments were properly authorized.

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

Disbursements

4. 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 (10) other disbursements and determine if they were adequately documented.

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

Property, Plant, & Equipment

5. a. Determine that additions and disposals were properly accounted for in the records.
(Materiality level – 5% or total equipment or \$500, whichever is greater).

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

Long-Term Debt

6. 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 service accounts have been established and maintained.

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

General

7. a. Determine that any items of financial significance were approved and documented in the minutes of the governing body minutes

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

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were 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, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

**The Mayor and Members of the City Council
City Of Humnoke Water Department**

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, USDA Rural Development, and the management of the Water Department of the City of Humnoke, and is not intended to be and should not be used by anyone other than these specified parties.

Berry & Associates

Berry & Associates, PA
Little Rock, Arkansas
June 28, 2024

**CITY OF HUMNOKE WATER DEPARTMENT
FINANCIAL STATEMENTS
For the Year Ended December 31, 2020
and
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

CITY OF HUMNOKE WATER DEPARTMENT
Humnoke, Arkansas
For the Year Ended December 31, 2020

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**The Mayor and Members of the City Council
City Of Humnoke Water Department
Humnoke, Arkansas**

Management is responsible for the accompanying financial statements of City of Humnoke Water Department, which comprise the statement of assets, liabilities, and net position – modified cash basis as of December 31, 2020, and the related statement of cash receipts and cash disbursements for the year then ended, and for determining that the modified-cash basis of accounting is an acceptable financial reporting framework. We 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. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included 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 conclusions about the Department’s assets, liabilities, net position, cash receipts and cash disbursements. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Berry & Associates, P.A.
Little Rock, Arkansas
June 28, 2024

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**CITY OF HUMNOKE WATER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION-MODIFIED CASH BASIS
December 31, 2020**

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	\$	88,186
RESTRICTED ASSETS		
Cash and cash equivalents		17,539
FIXED ASSETS - AT COST		
Building		80,000
Water system		114,250
		<u>194,250</u>
Less: accumulated depreciation		<u>(103,831)</u>
Net fixed assets		<u>90,419</u>
TOTAL ASSETS	\$	<u><u>196,144</u></u>

LIABILITIES AND NET POSITION

PAYABLES FROM RESTRICTED ASSETS		
Customer water meter deposits	\$	<u>12,268</u>
TOTAL LIABILITIES		<u>12,268</u>
NET POSITION		
Unrestricted		<u>183,876</u>
TOTAL NET POSITION		<u>183,876</u>
TOTAL LIABILITIES AND NET POSITION	\$	<u><u>196,144</u></u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

CITY OF HUMNOKE WATER DEPARTMENT
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended December 31, 2020

CASH RECEIPTS

Water revenue	\$ 98,638
Meter deposits received	1,000
Total cash receipts	<u>99,638</u>

CASH DISBURSEMENTS

Contract labor	10,764
Dues and subscriptions	4,916
Professional fees	858
Rent	1,800
Insurance	251
Reconnect services	180
Other expenses	669
Sales tax expense	3,744
Sewer expense	34,985
Supplies	1,755
Utilities	2,940
Water purchased	15,036
Transfers to other funds	9,760
Water sampling	1,000
Meter deposit refunds	400
Total cash disbursements	<u>89,058</u>

INCREASE IN CASH AND CASH EQUIVALENTS

10,580

BEGINNING CASH AND CASH EQUIVALENTS, AT JANUARY 1, 2020

95,145

ENDING CASH AND CASH EQUIVALENTS, AT DECEMBER 31, 2020\$ 105,725

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT