

**CITY OF HUMNOKE WATER DEPARTMENT**  
**Humnoke, Arkansas**  
**For the Year Ended December 31, 2021**

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



American Institute of CPAs

Arkansas Society of CPAs

Texas Society of CPAs

Page 1

**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, 2021. 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.

**11225 Huron Lane, Suite 212 • Little Rock, AR 72211 • 501-227-9044 • Fax 501-227-8791 •  
jtberry@berryassociatescpa.com  
2911 Turtle Creek Blvd., Suite 300 • Dallas, TX 75219 • 972-437-2919  
2088 Main Street, Suite A • Madison, MS 39110 • 601-383-0119**

**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 the following exception as a result of the procedures: Customer adjustments were not properly authorized. We found no other 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  
November 6, 2024

**CITY OF HUMNOKE WATER DEPARTMENT  
FINANCIAL STATEMENTS  
For the Year Ended December 31, 2021  
and  
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

**CITY OF HUMNOKE WATER DEPARTMENT**  
**Humnoke, Arkansas**  
**For the Year Ended December 31, 2021**

<b><u>Contents</u></b>	<b><u>Page</u></b>
Independent Accountant's Compilation Report .....	1
Statement of Assets, Liabilities, and Net Position- Modified Cash Basis .....	2
Statement of Cash Receipts and Cash Disbursements .....	3



American Institute of CPAs

Arkansas Society of CPAs

Texas Society of CPAs

Page 1

**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, 2021, 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  
November 6, 2024

**11225 Huron Lane, Suite 212 • Little Rock, AR 72211 • 501-227-9044 • Fax 501-227-8791 •**

**[jtberry@berryassociatescpa.com](mailto:jtberry@berryassociatescpa.com)**

**2911 Turtle Creek Blvd., Suite 300 • Dallas, TX 75219 • 972-437-2919**

**2088 Main Street, Suite A • Madison, MS 39110 • 601-383-0119**

**CITY OF HUMNOKE WATER DEPARTMENT**  
**STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION-MODIFIED CASH BASIS**  
**December 31, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 77,041
---------------------------	-----------

**RESTRICTED ASSETS**

Cash and cash equivalents	18,439
---------------------------	--------

**FIXED ASSETS - AT COST**

Building	80,000
Water system	114,250

	194,250
--	---------

Less: accumulated depreciation	(109,381)
--------------------------------	-----------

Net fixed assets	84,869
------------------	--------

<b>TOTAL ASSETS</b>	\$ 180,349
---------------------	------------

**LIABILITIES AND NET POSITION**

**PAYABLES FROM RESTRICTED ASSETS**

Customer water meter deposits	\$ 13,168
-------------------------------	-----------

<b>TOTAL LIABILITIES</b>	13,168
--------------------------	--------

**NET POSITION**

Unrestricted	167,181
--------------	---------

<b>TOTAL NET POSITION</b>	167,181
---------------------------	---------

<b>TOTAL LIABILITIES AND NET POSITION</b>	\$ 180,349
---	------------

**SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**



**CITY OF HUMNOKE WATER DEPARTMENT**  
**STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS**  
**For the Year Ended December 31, 2021**

**CASH RECEIPTS**

Water revenue	\$ 98,276
Meter deposits received	1,000
Other revenue	80
Total cash receipts	<u>99,356</u>

**CASH DISBURSEMENTS**

Contract labor	12,173
Dues and subscriptions	14,894
Professional fees	15,311
Rent	1,800
Insurance	715
Reconnect services	120
Sales tax expense	3,503
Sewer expense	35,753
Supplies	720
Utilities	2,950
Water purchased	16,162
Repairs and maintenance	3,504
Fuel	784
Office expense	1,112
Meter deposit refunds	100
Total cash disbursements	<u>109,601</u>

**DECREASE IN CASH AND CASH EQUIVALENTS**

(10,245)

**BEGINNING CASH AND CASH EQUIVALENTS, AT JANUARY 1, 2021**105,725**ENDING CASH AND CASH EQUIVALENTS, AT DECEMBER 31, 2021**\$ 95,480

**SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**