

CITY OF HUMNOKE WATER DEPARTMENT
Humnoke, Arkansas
For the Year Ended December 31, 2022

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 on the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119 of Patterson Water Department for the year ended December 31, 2022. Patterson 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.

Humnoke Water Department has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with Arkansas law and lender requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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 ten customer payments on the accounts receivable subledger to deposit and billing documents.
- c. For ten 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 ten customer billings to the accounts receivable sub ledger.
- b. Determine that five 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 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

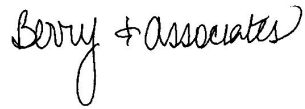
Findings: We found no exceptions as a result of the procedures.

We were engaged by Humnoke Water Department to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an audit or review engagement, 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**

We are required to be independent of Humnoke Water Department and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

A handwritten signature in cursive script that reads "Berry & Associates".

Berry & Associates, PA
Little Rock, Arkansas
December 6, 2024

**CITY OF HUMNOKE WATER DEPARTMENT
FINANCIAL STATEMENTS
For the Year Ended December 31, 2022
and
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

CITY OF HUMNOKE WATER DEPARTMENT
Humnoke, Arkansas
For the Year Ended December 31, 2022

<u>Contents</u>	<u>Page</u>
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, 2022, 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
December 6, 2024

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

CITY OF HUMNOKE WATER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION-MODIFIED CASH BASIS
December 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 53,151
---------------------------	-----------

RESTRICTED ASSETS

Cash and cash equivalents	20,065
---------------------------	--------

FIXED ASSETS - AT COST

Building	80,000
Water system	114,250

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

Less: accumulated depreciation	(114,931)
--------------------------------	-----------

Net fixed assets	79,319
------------------	--------

TOTAL ASSETS	\$ 152,535
---------------------	------------

LIABILITIES AND NET POSITION

PAYABLES FROM RESTRICTED ASSETS

Customer water meter deposits	\$ 13,968
-------------------------------	-----------

TOTAL LIABILITIES	13,968
--------------------------	--------

NET POSITION

Unrestricted	138,567
--------------	---------

TOTAL NET POSITION	138,567
---------------------------	---------

TOTAL LIABILITIES AND NET POSITION	\$ 152,535
---	------------

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

CITY OF HUMNOKE WATER DEPARTMENT
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended December 31, 2022

CASH RECEIPTS

Water revenue	\$ 103,689
Meter deposits received	800
Other revenue	826
Total cash receipts	<u>105,315</u>

CASH DISBURSEMENTS

Contract labor	13,188
Dues and subscriptions	14,228
Professional fees	1,849
Rent	1,800
Insurance	758
Reconnect services	80
Sales tax expense	4,152
Sewer expense	38,104
Supplies	78
Utilities	3,216
Water purchased	19,422
Repairs and maintenance	30,129
Miscellaneous expense	35
Office expense	540
Total cash disbursements	<u>127,579</u>

DECREASE IN CASH AND CASH EQUIVALENTS

(22,264)

BEGINNING CASH AND CASH EQUIVALENTS, AT JANUARY 1, 202295,480**ENDING CASH AND CASH EQUIVALENTS, AT DECEMBER 31, 2022**\$ 73,216

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT