

CITY OF HUMPHREY WATER & SEWER SYSTEM

**FOR THE YEAR ENDED DECEMBER 31, 2024
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Cynthia C. Bearden, CPA
9216 Millers Pointe Court
Sherwood, Arkansas 72120
(501) 551-1345

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

City of Humphrey Water and Sewer System
Humphrey, Arkansas

I have performed the procedures listed below with respect to the financial information and state law compliance which are agreed to by the management of City of Humphrey Water and Sewer System for the period January 1, 2024 – December 31, 2024. Management is responsible for maintaining the financial records and complying with the state law. An agreed upon procedures engagement involves performing specific procedures that the City of Humphrey Water and Sewer System has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed below. This report is prepared in accordance with Ark. Code Ann. 14-234-119. This engagement to perform agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the City of Humphrey Water and Sewer System. 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 City of Humphrey Water and Sewer System has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with Arkansas Code §14-234-119 and the Guidelines for Conducting Agreed-upon Procedures for Water and Sewer Providers dated August 2, 2024, as published by the Arkansas Legislative Joint Auditing Committee. 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 purpose. The procedures and the associated findings are as follows:

1. Cash and Investments

- A. Prepare 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: *None*

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

Findings: *None*

3. Accounts Receivable:

- A. Agree 10 customer billings to the accounts receivable subledger.
- B. Determine that five (5) customer adjustments are properly authorized.

Findings: *There is no documentation of customer adjustments being approved by the mayor or recorder treasurer.*

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 if applicable.
- C. Select all disbursements other than payroll paid to the employees and 10 other disbursements and determine if they are adequately documented.

Findings: *None*

5. Property, Plant and Equipment - Determine that additions and disposals are properly accounted for in the records. (Materiality level - 5% of total equipment or \$500, whichever is greater.)

Findings: *None*

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 lender/trustee/contractor.
- C. Determine that the appropriate debt service accounts have been established and maintained.

Findings: *The City does have two debt service reserve accounts, but the balances in the accounts are not sufficient to meet the monthly loan requirements by USDA and Department of Agriculture – Natural Resources Division. The City of Humphrey Water and Sewer was delinquent on their payments to Natural Resources Division and as a result, their turnback funds were used to make interest payments on the debt.*

7. General

Determine that any items of significance were approved and documented in the minutes of the governing body's meeting.

I am not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion on the City of Humphrey Water and Sewer System's financial statements or specified elements, accounts, or items thereof. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you. I am required to be independent of the City of Humphrey Water and Sewer System and to meet other ethical responsibilities, in accordance with the relevant ethical requirements relating to the agreed-upon procedures engagement.

This report is intended solely for the information and use of the City of Humphrey Water and Sewer System and is not intended to be and should not be used by anyone other than this specified party.



Cynthia C. Bearden
Sherwood, Arkansas
Certificate Public Accountant
September 30, 2025

**CITY OF HUMPHREY WATER AND SEWER SYSTEM
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT1

**STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION – MODIFIED CASH
BASIS.....2**

**STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN NET POSITION – MODIFIED
CASH BASIS.....3**

**Cynthia C. Bearden, CPA
9216 Millers Pointe Court
Sherwood, Arkansas 72120**

To the Honorable Mayor and City Council
City of Humphrey Water and Sewer System
Humphrey, Arkansas

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of the City of Humphrey Water and Sewer System, which comprise the statement of assets, liabilities and net position – modified cash basis as of December 31, 2024, and the related statement of revenues, expenses, and other changes in net position – modified cash basis, and for determining that 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.

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 the disclosures ordinarily included in the 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 Organization's assets, liabilities, net position, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.



Cynthia C. Bearden, CPA
Sherwood, Arkansas 72120
September 30, 2025

City of Humphrey Water and Sewer Department
Statement of Assets, Liabilities, and Net Position - Modified Cash Basis
For the Year Ended December 31, 2024

Assets

Cash & Cash Equivalents	\$	272,299
Capital Assets	\$	800,950
		1,073,248
Total Assets	\$	1,073,248

Liabilities and Net position

Current Liabilities

Current maturities of long-term debt - Department of Agriculture	\$	399,338
Current maturities of long-term debt - USDA	\$	14,046
Interfund payable to the City of Humphrey	\$	2,551
Customer deposits	\$	31,298

Total Current Liabilities	\$	447,232
---------------------------	----	---------

Long Term Liabilities

Long Term Debt - Department of Agriculture, net of current maturities	\$	150,101
Long Term Debt - USDA, net of current maturities	\$	120,025

Total Long Term Liabilities	\$	270,125
-----------------------------	----	---------

Total Liabilities	\$	717,357
--------------------------	-----------	----------------

Total Net Position	\$	355,891
---------------------------	-----------	----------------

Total Liabilities and Net Position	\$	1,073,248
---	-----------	------------------

See Independent Accountant's Compilation Report

City of Humphrey Water and Sewer Department
Statement of Revenues, Expenses and Other Changes in Net Position - Modified Cash Basis
Year Ended December 31, 2024

Operating revenues	
Water services	\$ 113,507
Sewer services	98,326
ARPA Funds	-
Other Revenue	5,696
Total operating revenues	217,529
<hr/>	
Operating expenses	
ARPA Expenses	504,957
Bank Fees & Charges	510
Equipment Expense	1,415
Interest Expense	13,510
Main, Repairs, and Supplies	169,396
Office Equip/Supplies/Postage	3,054
Other Expenses	7,626
Payroll Taxes	3,282
Salaries	46,501
Sales & Use Tax	12,806
Solid Waste Disposal	51,307
Truck Expense	311
Utilities	26,802
Depreciation Expense	42,334
Total operating expenses	883,808
<hr/>	
Increase in net position	(666,280)
<hr/>	
Net position, beginning of year	1,022,171
<hr/>	
Net position, end of year	\$ 355,891
<hr/> <hr/>	

See Independent Accountant's Compilation Report