

**MT. HOLLY PUBLIC WATER AUTHORITY
OF THE STATE OF ARKANSAS
El Dorado, Arkansas
For the Year Ended December 31, 2018**

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

BERRY & ASSOCIATES, P.A.

Certified Public Accountants

American Institute of CPAs

Arkansas Society of CPAs

Texas Society of CPAs

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**Board of Directors
MT. HOLLY PUBLIC WATER AUTHORITY
OF THE STATE OF ARKANSAS
El Dorado, 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 Board on the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119 for the Mt. Holly Public Water Authority of the State of Arkansas for the year ended December 31, 2018. Mt. Holly Public Water Authority of the State of Arkansas'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 Board. 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 and reconciliation of cash for the year.
- b. Confirm the cash on deposit and investments with the depository institutions.
- c. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

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 subsidiary ledger to deposit and billing documents.

We found no exceptions as a result of the procedures.

Accounts Receivable

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

We found no exceptions as a result of the procedures.

**Board of Directors
MT. HOLLY PUBLIC WATER AUTHORITY
OF THE STATE OF ARKANSAS**

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 10 disbursements and determine if they were adequately documented.

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.

We found no exceptions as a result of the procedures.

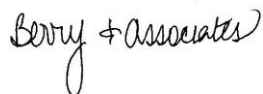
Long-Term Debt

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.

We found the following exceptions as a result of these procedures: The debt service accounts established and maintained are less than the requirement set forth by the loan agreement for one loan. We found no other 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.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, Arkansas Natural Resources Commission, USDA Rural Development, and the Mt. Holly Public Water Authority of the State of Arkansas and is not intended to be and should not be used by anyone other than this specified party.



Berry & Associates, PA
Little Rock, Arkansas
June 4, 2019

**MT. HOLLY PUBLIC WATER AUTHORITY
OF THE STATE OF ARKANSAS
FINANCIAL STATEMENTS
For the Year Ended December 31, 2018
and
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

MT. HOLLY PUBLIC WATER AUTHORITY OF THE STATE OF ARKANSAS
El Dorado, Arkansas
For the Year Ended December 31, 2018

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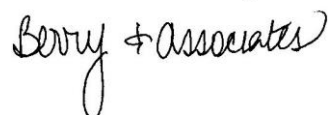
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Board of Directors
MT. HOLLY PUBLIC WATER AUTHORITY
OF THE STATE OF ARKANSAS
El Dorado, Arkansas

Management is responsible for the accompanying financial statements of Mt. Holly Public Water Authority of the State of Arkansas, which comprise the statement of assets, liabilities, and net position – modified cash basis as of December 31, 2018, 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 Authority's assets, liabilities, net position, cash receipts and cash disbursements. Accordingly, these financial statements are not designed for those who are not informed about such matters.



Berry & Associates, P.A.
Little Rock, Arkansas
June 4, 2019

MT. HOLLY PUBLIC WATER AUTHORITY OF THE STATE OF ARKANSAS
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION-MODIFIED CASH BASIS
December 31, 2018

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 27,986
RESTRICTED ASSETS	
Certificates of deposit	12,062
FIXED ASSETS - AT COST	
Building	29,204
Distribution lines	600,659
Land	3,558
Equipment	10,105
	<u>643,526</u>
Less: Accumulated depreciation	<u>(573,014)</u>
Net Fixed Assets	<u>70,512</u>
TOTAL ASSETS	\$ <u><u>110,560</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Current maturities of long-term debt	\$ 19,600
LONG-TERM DEBT, Net of Current Maturities	
Arkansas Natural Resources Commission - Bond 95B04	48,706
Arkansas Natural Resources Commission - WDF-27-02-D	17,241
Total Long-Term Debt	<u>65,947</u>
PAYABLES FROM RESTRICTED ASSETS	
Customer water meter deposits	<u>13,365</u>
TOTAL LIABILITIES	<u>98,912</u>
NET POSITION	
Unrestricted, deficit	(414)
Temporarily restricted	<u>12,062</u>
TOTAL NET POSITION	<u>11,648</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u><u>110,560</u></u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

MT. HOLLY PUBLIC WATER AUTHORITY OF THE STATE OF ARKANSAS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended December 31, 2018

CASH RECEIPTS

Water revenue	\$ 76,989
Interest income	44
Meter deposits	500
Total Cash Receipts	<u>77,533</u>

CASH DISBURSEMENTS

Operator salary	7,392
Debt Service	
Principal	19,098
Interest	4,338
Utilities and telephone	4,918
Repairs and maintenance	12,145
Sales tax	5,585
Professional fees	3,920
Membership fees	1,184
Insurance	3,121
Supplies	1,755
Truck expense	3,000
Meter deposit refunds	100
Miscellaneous expense	2,253
Total Cash Disbursements	<u>68,809</u>

INCREASE IN CASH AND RESTRICTED CASH

8,724

BEGINNING CASH AND RESTRICTED CASH, AT JANUARY 1, 201831,324**ENDING CASH AND RESTRICTED CASH, AT DECEMBER 31, 2018**\$ 40,048