

HARMONY WATER ASSOCIATION, INC.
El Dorado, Arkansas
For the Year Ended June 30, 2021

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

BERRY & ASSOCIATES, P.A.

Certified Public Accountants

American Institute of CPAs

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**Board of Directors
Harmony Water Association, Inc.
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 Harmony Water Association, Inc. for the year ended June 30, 2021. Harmony Water Association, Inc.'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 subledger to deposit and billing documents.
- c. For one deposit, agree the cash/check composition of the deposit with receipt information.

We found no exceptions as a result of the procedures.

Accounts Receivable

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

We found no exceptions as a result of the procedures.

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**BOARD OF DIRECTORS
HARMONY WATER ASSOCIATION, INC.**

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: The loan agreements require minimum cash reserves. The cash balances in the debt service accounts maintained by the association are less than the requirements. We found no other exceptions as a result of these procedures.


General

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

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.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, Arkansas Natural Resources Commission, and the management of Harmony Water Association, Inc., and is not intended to be and should not be used by anyone other than these specified parties.



BERRY & ASSOCIATES, P.A.
Little Rock, Arkansas
September 29, 2021

HARMONY WATER ASSOCIATION, INC.
FINANCIAL STATEMENTS
For the Year Ended June 30, 2021
and
INDEPENDENT ACCOUNTANT'S
COMPILATION REPORT

HARMONY WATER ASSOCIATION, INC.
El Dorado, Arkansas
For the Year Ended June 30, 2021

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**Board of Directors
Harmony Water Association, Inc.
El Dorado, Arkansas**

Management is responsible for the accompanying financial statements of Harmony Water Association, Inc., (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of June 30, 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. We do not express an opinion, a conclusion, nor provide any 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 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 association's assets, liabilities, net assets, 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
September 29, 2021

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HARMONY WATER ASSOCIATION, INC.
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS-MODIFIED CASH BASIS
June 30, 2021

<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 73,941
RESTRICTED ASSETS	
Certificates of deposit	15,727
FIXED ASSETS - AT COST	
Tanks & wells	7,342
Water lines	138,350
Equipment	9,517
	155,209
Less: accumulated depreciation	(136,110)
Net Fixed Assets	19,099
TOTAL ASSETS	\$ 108,767
 <u>LIABILITIES AND NET ASSETS</u> 	
CURRENT LIABILITIES	
Current maturities of long-term debt	\$ 6,700
LONG-TERM DEBT, Net of Current Maturities	
	18,655
PAYABLES FROM RESTRICTED ASSETS	
Customer water meter deposits	5,613
TOTAL LIABILITIES	30,968
NET ASSETS	
Unrestricted	62,072
Restricted	15,727
TOTAL NET ASSETS	77,799
TOTAL LIABILITIES AND NET ASSETS	\$ 108,767

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

HARMONY WATER ASSOCIATION, INC.
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended June 30, 2021

CASH RECEIPTS

Water revenue	\$ 103,920
Meter deposits	900
Interest income	115
Service connections	6,703
Total Cash Receipts	<u>111,638</u>

CASH DISBURSEMENTS

Operator expense	5,384
Insurance	100
Debt service	
Principal	6,226
Interest	2,028
Utilities and telephone	60,102
Repairs	8,278
Service connections	2,179
Professional fees	5,675
Membership fees	1,338
Sales tax	6,897
Total Cash Disbursements	<u>98,207</u>

INCREASE IN CASH AND RESTRICTED CASH

13,431

BEGINNING CASH AND RESTRICTED CASH, AT JULY 1, 202076,237**ENDING CASH AND RESTRICTED CASH, AT JUNE 30, 2021**\$ 89,668

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT