

**Cynthia C. Bearden, CPA
8210 Windsor Valley Drive
North Little Rock, Arkansas 72116**

**HACT REGIONAL WASTEWATER SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2021
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED
UPON PROCEDURES**

Cynthia C. Bearden, CPA

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8210 Windsor Valley Drive
North Little Rock, Arkansas 72116**

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

Legislative Joint Auditing Committee
And Arkansas Natural Resources Commission

I have performed the procedures enumerated below with respect to the financial information and compliance with certain state laws for HACT Regional Wastewater System for the year ended December 31, 2021. HACT Regional Wastewater System is responsible for its accounting records. This report is prepared in accordance with Ark. Code Ann. 14-234-119. This engagement to apply agree-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. 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 procedures and associated findings for the HACT Regional Wastewater System 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 amounts billed for sewer to payments remitted to HACT Regional Wastewater System.

Findings: None

3. Accounts Receivable:

- a. Agree meter readings for 10 customers to billing documents.

Findings: None

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 and 10 other disbursements and determine if they were adequately documented.

Findings: None

5. Property, Plant and Equipment – Determine that additions and disposals were properly accounted for in the records. (Materiality level – 5% of total equipment of \$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: None

7. General

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

8. Other

The City of Coy does the billing for HACT sewer customers. The City of Coy remits the amount billed for sewer to HACT monthly. The City of Coy does not remit based on customers paid, and they do not adjust the remittance to HACT for customer adjustments. Based on this, there is no need to test customer payments, composition of deposits, and customer adjustments.

I was not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on HACT Regional Wastewater System's financial statements or specified elements, accounts, or items thereof. Accordingly, we do not express such an opinion. 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 specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Cynthia Bearden

Cynthia Bearden, CPA

April 11, 2023

**HACT REGIONAL WASTEWATER SYSTEM
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
AND INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

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HACT Regional Wastewater System
Humnoke, Arkansas

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of HACT Regional Wastewater System, which comprise the statement of financial position as of December 31, 2021, and the related statement of activities, and cash flows for the year then ended. 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 am 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.

Management has elected to omit substantially all the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures are included in the financial statements, they might influence the user's conclusions about the Organization's financial position, changes in net assets, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Cynthia C. Bearden
Cynthia Bearden
Cynthia C. Bearden, CPA
North Little Rock, Arkansas 72116
April 7, 2023

HACT Wastewater System
Statement of Net Position
As of December 31, 2021

	<u>December 31, 2021</u>
ASSETS	
Cash & Certificates of Deposit	\$ 26,318
capital Assets	2,035,655
TOTAL ASSETS	<u>\$ 2,061,973</u>
LIABILITIES & EQUITY	
Liabilities	
Current portion of long-term debt	\$ 12,677
Long Term Debt	124,837
Total Liabilities	<u>137,514</u>
Total Equity	1,924,458
TOTAL LIABILITIES & EQUITY	<u>\$ 2,061,973</u>

HACT Wastewater System
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2021

Operating Revenue	
Sewer Revenue	96,992
Total operating revenue	<u>96,992</u>
Operating Expenses	
Contract Labor	10,870
Debt Service	-
Dues & Subscriptions	525
Equipment	429
Insurance Expense	2,855
Interest Expense	9,132
Legal Fees	1,000
Maintenance & Repairs	14,830
Office Supplies	100
Permits	823
Postage	66
Professional Fees	4,000
Reconciliation Discrepancie	-
Rent Expense	1,950
Salary Expense	9,100
Sewer System Supplies	7,217
Storage Rental	600
Utilities	13,560
Total operating expenses	<u>77,057</u>
Increase in net position	<u>19,935</u>
Net position, beginning of year	<u>1,904,523</u>
Net position, end of year	<u>1,924,458</u>

HACT Wastewater System
Statement of Cash Flows
January through December 2021

Jan - Dec 21

Cash Flows from Operating Activities

Net Cash provided by operating activities	<u>\$ 19,947</u>
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Net cash provided by Operating Activities	<u>19,947</u>
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FINANCING ACTIVITIES

Payments on long-term debt	<u>(11,925)</u>
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Net cash provided by Financing Activities	<u>(11,925)</u>
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Net cash increase for period	8,023
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Cash at beginning of period	<u>18,295</u>
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Cash at end of period	<u><u>\$ 26,318</u></u>
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HACT
Rollforward Long-Term Debt
December 31, 2021

	Bal 12-31-2020	Additions	Payments	Bal 12-31-21
ANRC	\$	132,739	\$	\$
Equipment Note	\$	16,699	\$	7,285
				\$
				4,640
				\$
				125,455
				12,059
Total	\$	149,438	\$	11,925
				\$
				137,514