

**CITY OF STRONG WATER AND SEWER FUND**  
**Strong, Arkansas**  
**For the Year Ended December 31, 2021**

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



**Honorable Daryell Howell, Mayor  
and the Members of the City Council  
City of Strong Water and Sewer Fund  
Strong, 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 City Council on the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119 for the City of Strong Water & Sewer Fund for the year ended December 31, 2021. City of Strong Water & Sewer Fund'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 Council. 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 AND INVESTMENTS**

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 the following exceptions as a result of these procedures: We were unable to reconcile the proof of cash to the book balance for five of the bank accounts due to duplicate entries posted in the general ledger. We found no other 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 sub ledger to deposit and billing documents.
- C. For one deposit, agree the cash/check composition of the deposit with receipt information.

***Findings:** We found the following exceptions as a result of these procedures: We were unable to agree the deposits for the proof of cash for the year with the deposits per the journal for four of the bank accounts due to duplicate entries posted in the general ledger. We found no other exceptions as a result of the procedures.*

**ACCOUNTS RECEIVABLE**

3. A. Agree 10 customer billings to the accounts receivable sub ledger.
- B. Determine that five (5) customer adjustments were properly authorized.

***Findings:** We found the following exceptions as a result of these procedures: We found that adjustments made to customer accounts were not authorized. We found no other exceptions as a result of the procedures.*

**Honorable Daryell Howell, Mayor  
and the Members of the City Council  
City of Strong Water and Sewer Fund**

**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 (10) disbursements and determine if they were adequately documented.

*Findings: We found the following exceptions as a result of these procedures: We were unable to agree the disbursements for the proof of cash for the year with the disbursements per the journal for four of the bank accounts due to duplicate entries posted in the general ledger. We were also unable to locate two of the ten invoices while testing disbursements. We found no other exceptions as a result of the procedures.*

**PROPERTY, PLANT AND EQUIPMENT**

5. A. Determine that additions and disposal were properly accounted for in the records (materiality level – 5% of 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 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.*

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 City of Strong Water & Sewer Fund, Arkansas Development Finance Authority, USDA Rural Development, and the Legislative Joint Auditing Committee 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  
February 5, 2024

**CITY OF STRONG, ARKANSAS  
WATER AND SEWER FUND  
FINANCIAL STATEMENTS  
For the Year Ended December 31, 2021  
and  
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

**CITY OF STRONG WATER AND SEWER FUND**  
**Strong, Arkansas**  
**For the Year Ended December 31, 2021**

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**Berry & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

American Institute of CPAs

Arkansas Society of CPAs

Texas Society of CPAs

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**Honorable Daryell Howell, Mayor  
and the Members of the City Council  
City of Strong Water and Sewer Fund  
Strong, Arkansas**

Management is responsible for the accompanying financial statements of City of Strong Water & Sewer Fund (a governmental organization), which comprise the statement of assets, liabilities, and net position – modified cash basis as of December 31, 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 Fund'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  
February 5, 2024

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**CITY OF STRONG, ARKANSAS  
WATER AND SEWER FUND  
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION-MODIFIED CASH BASIS  
December 31, 2021**

<u>ASSETS</u>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 161,809
<b>RESTRICTED ASSETS</b>	
Cash and cash equivalents	146,784
<b>FIXED ASSETS - AT COST</b>	
Land	34,955
Office furniture	18,483
Automotive equipment	11,901
Equipment	40,181
Water and sewer system	2,743,955
Leasehold improvement	12,624
	2,862,099
Less: accumulated depreciation	(1,305,356)
Net Fixed Assets	1,556,743
<b>TOTAL ASSETS</b>	\$ 1,865,336
<u>LIABILITIES AND NET POSITION</u>	
<b>CURRENT LIABILITIES</b>	
Current maturities of long-term debt	\$ 24,600
<b>LONG-TERM DEBT, Net of Current Maturities</b>	
USDA Rural Development 9120-01	14,385
USDA Rural Development 9220-02	45,794
ADFA-SWSTRONG	200,306
Total Long-Term Debt	260,485
<b>PAYABLES FROM RESTRICTED ASSETS</b>	
Customer water meter deposits	35,648
<b>TOTAL LIABILITIES</b>	320,733
<b>NET POSITION</b>	
Unrestricted	1,451,226
Temporarily restricted	93,377
<b>TOTAL NET POSITION</b>	1,544,603
<b>TOTAL LIABILITIES AND NET POSITION</b>	\$ 1,865,336

**SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

**CITY OF STRONG, ARKANSAS**  
**WATER AND SEWER FUND**  
**STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS**  
**For the Year Ended December 31, 2021**

<b>CASH RECEIPTS</b>	
Water revenue	\$ 295,099
Interest income	182
Meter deposits received	<u>2,927</u>
Total Cash Receipts	<u>298,208</u>
<b>CASH DISBURSEMENTS</b>	
Employee benefits	83
Dues and permits	6,070
Payroll taxes	6,094
Operating salaries	72,872
Debt service	
Principal	23,666
Interest	8,232
Utilities	25,213
Bond fees	2,185
Supplies	26,837
Professional fees	12,750
Insurance	14,191
Miscellaneous	14,439
Gas and oil	5,014
Repairs and maintenance	51,428
Sales tax	15,916
Meter deposit refunds	<u>1,190</u>
Total Cash Disbursements	<u>286,180</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	12,028
<b>BEGINNING CASH AND CASH EQUIVALENTS, AT JANUARY 1, 2021</b>	<u>296,565</u>
<b>ENDING CASH AND CASH EQUIVALENTS, AT DECEMBER 31, 2021</b>	<u><u>\$ 308,593</u></u>

**SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**