

SEMPLE ACCOUNTING, LLC
Camden, Arkansas 71701
116 S. Agee
(870) 836-6914

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Bearden Water and Sewer System
Legislative Joint Auditing Committee

We have performed the procedures enumerated below, which were agreed to by the management of the Bearden Water and Sewer System and the Legislative Joint Auditing committee for the year ended December, 31, 2019. Management is responsible for maintaining the financial records and complying with state laws. This report is prepared in accordance with Ark. Code Ann. 14-234-1192. This agreed upon procedures engagement 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 specified users of the report. Consequently, we make no representations 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 Operating, Debt Service, and Meter Deposit Funds are as follows:

Cash and Investments

1.
 - a. Perform a proof of cash for the year
 - b. Confirm the cash on deposit and investments with the depository institutions.
 - c. Agree the proof of cash ending balance 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 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 deposits and billing documents.
 - c. For one deposit, agree 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 A/R subledger.
 - b. Determine that 5 adjustments were properly authorized.

We found no exceptions as a result of the procedures.

Disbursements

4.
 - a. Agree the disbursements per 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 10 other disbursements and determine if they were adequately documented.

We found no exceptions as a result of the procedures.

Property, Plant, and Equipment

5.
 - a. Determine that additions and disposals were properly accounted for in the records. Materiality level – 5% of total equipment of \$500 whichever is greater.

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 originator.
 - c. Determine that the appropriate debt service accounts have been established and maintained.

We found no exceptions as a result of the procedures.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion in the specified elements, accounts, or items. 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 Legislative Joint Auditing Committee and the Bearden Water and Sewer System's management and is not intended to be and should not be used by anyone other than these specified parties.



James Semple
Certified Public Accountant

December 16, 2020

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

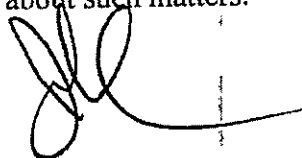
Bearden Water and Sewer System
Bearden, Arkansas

We have compiled the accompanying Statement of Assets and Liabilities and Statement of Income and Expenses for Bearden Water and Sewer System as of December 31, 2019. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the income tax basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in the presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, and results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.



James Semple
Certified Public Accountant

December 16, 2020

CITY OF BEARDEN, ARKANSAS
WATER AND SEWER SYSTEM
STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2019

ASSETS

Current Assets

Cash in Bank (Sch 1)	\$ 820,727.00	\$
Accounts Receivable	<u>82,970.00</u>	
Total Current Assets		903,697.00

Fixed Assets

Land	\$ 11,163.00	
Equipment	535,413.00	
Water & Sewer Lines	1,839,484.00	
New Sewer and Tank Projects	3,563,457.00	
Salem - Freeo Project	<u>2,748,170.00</u>	
Total	8,697,687.00	
Less: Accum Depr	<u>3,611,672.00</u>	
Total Fixed Assets		<u>5,086,015.00</u>

Total Assets		<u>\$ 5,989,712.00</u>
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See accountant's report.

CITY OF BEARDEN, ARKANSAS
WATER AND SEWER SYSTEM
STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2019

LIABILITIES AND NET ASSETS

Liabilities

Current Liabilities

Accounts Payable	\$ 14,313.00	\$
Accrued Interest	679.00	
Accrued Sales Tax	4,939.00	
Notes Payable – Current Portion	66,960.00	
Meter Deposit Liability	<u>60,343.00</u>	
Total Current Liabilities		147,234.00

Long-term Liabilities

Note Payable – USDA # 91-02	\$ 544,680.00	
New Construction - ANRC	<u>3,570,481.00</u>	
Total Long-Term Liabilities		<u>4,115,161.00</u>

Total Liabilities 4,262,395.00

Net Assets

AIDC Grant	\$ 1,147,334.00	
USDA Grant	489,968.00	
Retained Earnings	<u>90,015.00</u>	
Total Net Assets		<u>1,727,317.00</u>

Total Liabilities & Net Assets \$ 5,989,712.00

See accountant's report.