

CITY OF DIAMOND CITY WATER & SEWER DEPARTMENT
Diamond City, Arkansas
For the Year Ended December 31, 2023

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES



American Institute of CPAs

Arkansas Society of CPAs

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**City Council Members
City of Diamond City Water & Sewer Department
Diamond City, Arkansas**

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

We have performed the procedures enumerated below on the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119 for the City of Diamond City Water & Sewer Department for the year ended December 31, 2023. City of Diamond City Water & Sewer Department's management is responsible for the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119.

City of Diamond City Water & Sewer Department has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with Arkansas law and lender requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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 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 ten customer payments on the accounts receivable sub ledger to deposit and billing documents.
- C. For ten deposits, agree the cash/check composition of the deposit with receipt information.

Findings: We found no exceptions as a result of the procedures.

ACCOUNTS RECEIVABLE

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

Findings: We found no exceptions as a result of the procedures.

**City Council Members
City of Diamond City Water & Sewer Department**

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 other disbursements and determine if they were adequately documented.

Findings: We found the following exceptions as a result of the procedures. Some transfers to other funds within the City are not adequately documented. No other exceptions were found as a result of applying 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 or \$500, whichever is greater).

Findings: We found the following exceptions as a result of the procedures. The Department has no fixed asset records. No other exceptions were found as a result of applying 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 these procedures.

GENERAL

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

Findings: We found no exceptions as a result of these procedures.

We were engaged by the City of Diamond City Water & Sewer Department to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an audit or review engagement, 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.

We are required to be independent of City of Diamond City Water & Sewer Department and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the City of Diamond City Water & Sewer Department 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, PA
Little Rock, Arkansas
November 15, 2024

**CITY OF DIAMOND CITY WATER & SEWER DEPARTMENT
FINANCIAL STATEMENTS
For the Year Ended December 31, 2023
and
INDEPENDENT ACCOUNTANT'S
COMPILATION REPORT**

CITY OF DIAMOND CITY WATER & SEWER DEPARTMENT
Diamond City, Arkansas
For the Year Ended December 31, 2023

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City of Diamond City Water & Sewer Department
Diamond City, Arkansas**

Management is responsible for the accompanying financial statements of the City of Diamond City Water & Sewer Department, which comprise the statement of assets, liabilities, and net position – modified cash basis as of December 31, 2023, 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 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 Department'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
November 15, 2024

**CITY OF DIAMOND CITY WATER & SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION-MODIFIED CASH BASIS
December 31, 2023**

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ <u>262,365</u>
FIXED ASSETS - AT COST	
Capital assets	1,793,721
Less: accumulated depreciation	<u>(733,046)</u>
Net Fixed Assets	<u>1,060,675</u>
TOTAL ASSETS	\$ <u><u>1,323,040</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Current maturities of long-term debt	\$ 34,900
LONG-TERM DEBT, Net of Current Maturities	72,764
PAYABLES FROM RESTRICTED ASSETS	
Customer water meter deposits	<u>44,818</u>
TOTAL LIABILITIES	<u>152,482</u>
NET POSITION	
Unrestricted	<u>1,170,558</u>
TOTAL NET POSITION	<u>1,170,558</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u><u>1,323,040</u></u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**CITY OF DIAMOND CITY WATER & SEWER DEPARTMENT
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended December 31, 2023**

CASH RECEIPTS

Water revenue	\$ 277,719
Interest income	452
Sewer revenue	222,359
Sanitation revenue	96,333
Meter deposits received	13,229
Other revenue	28,968
Total Cash Receipts	<u>639,060</u>

CASH DISBURSEMENTS

Salaries	128,582
Debt service	
Principal	33,978
Interest	3,908
Utilities and telephone	28,081
Supplies	6,022
Repairs	54,315
Professional fees	5,865
Dues and subscriptions	6,531
Insurance	2,125
Office expense	4,637
Payroll taxes	9,757
Auto expense	2,017
Water purchases	96,771
Waste water expense	123,914
Sanitation expense	81,489
Transfers to General Fund	28,006
Meter deposit refunds	6,925
Miscellaneous	15,562
Total Cash Disbursements	<u>638,485</u>

INCREASE IN CASH AND RESTRICTED CASH

575

BEGINNING CASH AND RESTRICTED CASH, AT DECEMBER 31, 2022261,790**ENDING CASH AND RESTRICTED CASH, AT DECEMBER 31, 2023**\$ 262,365

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT