

HARRELL WATERWORKS



HARRELL, ARKANSAS

DECEMBER 31, 2023

HARRELL WATERWORKS
HARRELL, ARKANSAS

TABLE OF CONTENTS
DECEMBER 31, 2023

PAGE NO.

Independent Accountants' Report on Applying Agreed-Upon Procedures	1 - 2
Independent Accountants' Compilation Report	3
Statement of Assets, Liabilities and Net Position - Cash Basis - December 31, 2023	4
Statement of Cash Receipts and Cash Disbursements - For Year Ended December 31, 2023	5

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and City Council
Harrell Waterworks
Harrell, Arkansas

We have performed the procedures enumerated below on the accounting records of Harrell Waterworks as of and for the year ended December 31, 2023. Harrell Waterworks' management is responsible for the entity's accounting records.

Harrell Waterworks has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of satisfying annual reporting requirements of the Arkansas Division of Legislative Audit. Additionally, the Arkansas Legislative Joint Auditing Committee has agreed to and acknowledged that the procedures performed are appropriate for their purposes. 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:

1. Cash and Investments

- a. Perform a proof of cash for the year and reconcile year-end bank balances to book balances.
- 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.

We found no exceptions as a result of the procedures.

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 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.

We found no exceptions as a result of the procedures.

3. Accounts Receivable

- a. Agree ten customer billings to the accounts receivable sub ledger.
- b. Determine that five customer adjustments were properly authorized.

We found no exceptions as a result of the procedures.

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.
- c. Select all disbursements paid to employees other than payroll and ten other disbursements and determine if they were adequately documented.

We found no exceptions as a result of the procedures.

5. Property, Plant, and Equipment

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

We found no exceptions as a result of the procedure.

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.

We found no exceptions as a result of the procedures.

7. General

- a. Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

We found no exceptions as a result of the procedure.

We were engaged by Harrell Waterworks to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records of Harrell Waterworks. 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 Harrell Waterworks and to meet other 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 Harrell Waterworks and the Arkansas Legislative Joint Auditing Committee, and is not intended to be and should not be used by anyone other than those specified parties.

Turner, Rodgers, Manning & Plyler, PLLC

Arkadelphia, Arkansas

October 21, 2024

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Harrell Waterworks
Harrell, AR

Management is responsible for the accompanying financial statements of Harrell Waterworks, which comprise the statement of assets, liabilities, and net position – cash basis as of December 31, 2023, and the related statement of cash receipts and cash disbursements for the year then ended in accordance with the cash basis of accounting, and for determining that the 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 statement 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 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 required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about Harrell Waterworks' cash position, and results of operations – cash basis. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Management has omitted the management's discussion and analysis and budgetary comparison schedule that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

Turner, Rodgers, Manning & Plyler, PLLC

Arkadelphia, Arkansas
October 21, 2024

HARRELL WATERWORKS
STATEMENT OF ASSETS, LIABILITIES
AND NET POSITION - CASH BASIS
DECEMBER 31, 2023

Page 4

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 14,342
---------------------------	-----------

RESTRICTED ASSETS:

Restricted Cash - Depreciation	25,762
--------------------------------	--------

Restricted Cash - Meter Deposits	11,993
----------------------------------	--------

TOTAL RESTRICTED ASSETS	37,755
-------------------------	--------

TOTAL ASSETS:	<u>\$ 52,097</u>
---------------	------------------

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:

Current portion of Long-Term Debt	\$ 14,725
-----------------------------------	-----------

LIABILITIES PAYABLE FROM RESTRICTED ASSETS:

Meter Deposits Payable	7,937
------------------------	-------

LONG-TERM LIABILITIES:

Notes Payable	275,938
---------------	---------

TOTAL LIABILITIES:	<u>298,600</u>
--------------------	----------------

NET POSITION:

Restricted	29,818
------------	--------

Unrestricted	(276,321)
--------------	-----------

TOTAL NET POSITION:	(246,503)
---------------------	-----------

TOTAL LIABILITIES AND NET POSITION:	<u>\$ 52,097</u>
-------------------------------------	------------------

See Accountants' Compilation Report.

HARRELL WATERWORKS
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
FOR YEAR ENDED DECEMBER 31, 2023

Page 5

CASH RECEIPTS:

Customer Collections	\$ 69,374
Meter Deposits Collected (Net)	875
TOTAL CASH RECEIPTS:	<u>70,249</u>

CASH DISBURSEMENTS:

Salaries and Wages	21,583
Utilities	7,187
Insurance	1,119
Repairs and Maintenance	10,180
Office Expense	842
Lab Testing	735
Legal and Professional	1,200
Dues and Subscriptions	1,592
Payroll Taxes	3,907
Postage	792
Sales Tax	3,832
Debt Service - Principal	14,336
Debt Service - Interest	7,630
Miscellaneous	882
TOTAL CASH DISBURSEMENTS:	<u>75,817</u>

NET CHANGE IN CASH:	<u>(5,568)</u>
---------------------	----------------

CASH BALANCE - BEGINNING OF YEAR:	57,665
-----------------------------------	--------

CASH BALANCE - END OF YEAR:	<u><u>\$ 52,097</u></u>
-----------------------------	-------------------------

See Accountants' Compilation Report.