

City of Houston, Arkansas Water Department

December 31, 2022

Compiled Financial Statements

and

Independent Accountant's Report on Applying  
Agreed-Upon Procedures

**LISA STEPHENS CERTIFIED PUBLIC ACCOUNTANT, PLC**

**CITY OF HOUSTON, ARKANSAS WATER DEPARTMENT**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2022**

	<b>Page</b>
Independent Accountant's Compilation Report	1
Statement of Financial Position	2
Statement of Activities	3
Independent Accountant's Report on Applying Agreed-Upon Procedures	4-5

# LISA STEPHENS CERTIFIED PUBLIC ACCOUNTANT, PLC

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## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the City Council of Houston, Arkansas  
Houston Water Department  
Houston, Arkansas 72070

Management is responsible for the accompanying financial statements for the City of Houston Water Department which comprise the statement of financial position as of December 31, 2022, and the related statement of activities for the twelve months then ended in accordance with accounting principles generally accepted in the United States of America. 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 was I required to perform any procedures to verify the accuracy of 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 and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.



Lisa Stephens Certified Public Accountant, PLC  
Conway, Arkansas  
January 25, 2024

City of Houston Waterworks  
Balance Sheet  
December 31, 2022

ASSETS

Current Assets		
Cash on Hand	\$	2,655.45
Checking Account		19,690.20
Meter Fund Bank		47,932.50
Revenue Fund Bank		12,096.55
CD		105,567.34
Accounts Receivable		25,305.18
		<hr/>
Total Current Assets		213,247.22
Property and Equipment		<hr/>
Total Property and Equipment		0.00
Other Assets		<hr/>
Total Other Assets		0.00
		<hr/>
Total Assets	\$	<u>213,247.22</u>

LIABILITIES AND CAPITAL

Current Liabilities		
Customer Deposits	\$	47,932.50
		<hr/>
Total Current Liabilities		47,932.50
Long-Term Liabilities		<hr/>
Total Long-Term Liabilities		0.00
		<hr/>
Total Liabilities		47,932.50
Capital		
Fund Balance w/o Restrictions		109,750.19
Fund Balance w/ Restrictions		47,932.50
Net Income		7,632.03
		<hr/>
Total Capital		165,314.72
		<hr/>
Total Liabilities & Capital	\$	<u>213,247.22</u>

City of Houston Waterworks  
Statement of Activities  
For the Twelve Months Ending December 31, 2022

	Year to Date	
Revenues		
Interest Income	\$ 1,239.20	0.96
Water Sales	127,598.49	99.04
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Total Revenues	128,837.69	100.00
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Cost of Sales		
Water Purchases	93,200.41	72.34
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Total Cost of Sales	93,200.41	72.34
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Gross Profit	35,637.28	27.66
	<hr/>	
Expenses		
Licenses Expense	3,256.45	2.53
Maintenance & Repairs Expense	7,285.54	5.65
Utilities Expense	7,164.77	5.56
Other Office Expense	960.80	0.75
Professional Fees	3,500.00	2.72
Salary Reimbursement to City	5,837.69	4.53
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Total Expenses	28,005.25	21.74
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Net Income	\$ 7,632.03	5.92
	<hr/>	

# LISA STEPHENS CERTIFIED PUBLIC ACCOUNTANT, PLC



715 FRONT STREET◆P.O. BOX 1978◆CONWAY, AR 72033  
PHONE 501-327-2834◆FAX 501-327-6663

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

To the Management of City of Houston Water Department:

I have performed the procedures enumerated below, which were agreed to by the Houston City Council and management of City of Houston Water Department (the Department) on the minimum agreed-upon procedures prescribed by the Legislative Joint Auditing Committee as of December 31, 2022. The sufficiency of these procedures is solely the responsibility of the Department. 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 the associated findings are as follows:

### Cash and Investments

1. Perform a proof of cash for the year and reconcile year-end bank balances to book balances.
2. Confirm with depository institutions the cash on deposit and investments.
3. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

*Three bank accounts were confirmed, reconciled and balanced to book at December 31, 2022.*

### Receipts

1. Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.
2. Agree ten customer payments on the accounts receivable subledger to deposit and billing documents.
3. For ten deposits, agree the cash/check composition of the deposit with receipt information.

*Procedures performed without exception for year ending December 31, 2022.*

### Accounts Receivable

1. Agree ten customer billings to the accounts receivable subledger.
2. Determine that five customer adjustments were properly authorized.

*Procedures performed without exception for the year ending December 31, 2022.*

### Disbursements

1. Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.
2. Analyze all property, plant, and equipment disbursements.
3. Select all disbursements paid to employees other than payroll and ten other disbursements and determine if they were adequately documented.

*Procedure 2. Is not applicable to the Department, as the City of Houston purchases and holds all property, plant, and equipment. Other procedures performed without exception for the year ending December 31, 2022.*

### **Property, Plant and Equipment**

1. Determine that addition and disposals were properly accounted for in the records.

*Not applicable. All property, plant and equipment is purchased and held by the City of Houston.*

### **Long-Term Debt**

1. Schedule long-term debt and verify changes in all balances for the year.
2. Confirm loans, bonds, notes, and contracts payable with lender/trustee/contractor.
3. Determine that the appropriate debt service accounts have been established and maintained.

*Not applicable.*

### **General**

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

*Procedure performed without exception for the year ending December 31, 2022.*

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the City of Houston and the Legislative Joint Auditing Committee and is not intended to be and should not be used by anyone other than those specified parties.



Lisa Stephens CPA, PLC  
Conway, Arkansas  
January 25, 2024