

**MOUNTAIN PINE WATER
& SEWER DEPARTMENT
Mountain Pine, 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

Texas Society of CPAs

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**The Mayor and Members of the City Council
Mountain Pine Water & Sewer Department
Mountain Pine, 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 of Mountain Pine Water & Sewer Department for the year ended December 31, 2023. Mountain Pine 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.

Mountain Pine 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.*

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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 no 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 the following exceptions as a result of these procedures: The debt service accounts established and maintained are less than the requirement set forth by loan agreements. We found no other 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 the governing body minutes.

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

We were engaged by Mountain Pine 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 Mountain Pine 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 Mountain Pine Water & Sewer Department, Arkansas Natural Resources Commission, 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 4, 2024

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

MOUNTAIN PINE WATER & SEWER DEPARTMENT
Mountain Pine, Arkansas
For the Year Ended December 31, 2023

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**The Mayor and Members of the City Council
Mountain Pine Water & Sewer Department
Mountain Pine, Arkansas**

Management is responsible for the accompanying financial statements of Mountain Pine 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. 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, the financial statements are not designed for those who are not informed about such matters.

Berry & Associates, P.A.
Little Rock, Arkansas
November 4, 2024

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MOUNTAIN PINE WATER & SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION-MODIFIED CASH BASIS
December 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	301,658
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RESTRICTED ASSETS

Cash and cash equivalents		176,081
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Certificates of deposit		10,126
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Total Restricted Assets		186,207
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FIXED ASSETS - AT COST

Land		27,649
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Sewer plant		643,365
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Water plant		298,541
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Water tanks		183,903
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Office equipment		8,426
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Wells		12,500
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Machinery and equipment		73,522
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Water line improvements		341,401
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Office		12,189
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Vehicles		3,500
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Construction in progress		15,931
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Total Fixed Assets		1,620,927
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Less: accumulated depreciation		(1,176,359)
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Net Fixed Assets		444,568
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TOTAL ASSETS	\$	932,433
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Current maturities of long-term debt	\$	25,000
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LONG-TERM DEBT, Net of Current Maturities

Arkansas Natural Resources Commission		227,295
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PAYABLES FROM RESTRICTED ASSETS

Customer water meter deposits		31,332
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TOTAL LIABILITIES		283,627
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NET POSITION

Unrestricted		599,938
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Temporarily restricted		48,868
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TOTAL NET POSITION		648,806
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TOTAL LIABILITIES AND NET POSITION	\$	932,433
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SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

CASH RECEIPTS

Water revenue	\$ 300,246
Sewer revenue	242,471
Interest income	1,810
Meter deposits received	1,875
Other operating income	53,329
Total Cash Receipts	<u>599,731</u>

CASH DISBURSEMENTS

Debt service	
Principal	37,665
Interest	12,750
Salaries	82,673
Professional fees	3,865
Dues and fees	2,594
Retirement expense	23,193
Insurance expense	35,412
Repairs and maintenance	42,359
Office expenses	30,881
Chemicals	782
Lab expense	2,840
Contract labor	331
Payroll taxes	22,296
Meter deposit refunds	600
Miscellaneous expense	377
Utilities	125,507
Transfers	55,131
Total Cash Disbursements	<u>479,256</u>

INCREASE IN CASH AND RESTRICTED CASH 120,475

BEGINNING CASH AND RESTRICTED CASH, AT JANUARY 1, 2023 367,390

ENDING CASH AND RESTRICTED CASH, AT DECEMBER 31, 2023 \$ 487,865

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT