

**REYNO WATER DEPARTMENT**  
**Reyno, Arkansas**  
**For the Year Ended December 31, 2021**

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



American Institute of CPAs

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**Members of the City Council  
Reyno Water Department  
Reyno, Arkansas**

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

We have performed the procedures enumerated below, which were agreed to by the members of the City Council on the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119 for Reyno Water Department for the year ended December 31, 2021. Reyno Water Department's management is responsible for the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119. The sufficiency of these procedures is solely the responsibility of the members of the City Council. Consequently, we 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 associated findings are as follows:

**CASH AND INVESTMENTS**

1. A. Perform a proof and reconciliation of cash for the year.
- B. Confirm the cash on deposit and investments with the depository institutions.
- C. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

*Findings: We found the following exceptions as a result of these procedures: Cash activity was not recorded in general ledger for two cash accounts. Two accounts were not confirmed with the depository institutions. We found no other 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 10 customer payments on the accounts receivable subsidiary ledger to deposit and billing documents.
- C. For one deposit, agree to cash/check composition of the deposit with receipt information.

*Findings: We found the following exceptions as a result of these procedures: We were unable to agree the deposits to the proof of cash for two accounts. We found no other exceptions as a result of the procedures.*

**ACCOUNTS RECEIVABLE**

3. A. Agree 10 customer billings to the accounts receivable sub ledger.
- B. Determine that five (5) customer adjustments were properly authorized.

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

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**Members of the City Council  
Reyno Water 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 (10) other disbursements and determine if they were adequately documented.

*Findings: We found the following exceptions as a result of these procedures: We were unable to agree the disbursements to the proof of cash on two accounts We found no other 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.

*Findings: We found the following exceptions as a result of these procedures: Property, plant, and equipment additions were not properly accounted for in the Water Department records.*

**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 the procedures*

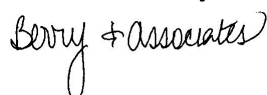
**GENERAL**

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

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

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, 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.

This report is intended solely for the information and use of the Legislative Joint Auditing Committee, USDA Rural Development, and the Reyno Water Department and is not intended to be and should not be used by anyone other than this specified party.



**REYNO WATER DEPARTMENT  
FINANCIAL STATEMENTS  
For the Year Ended December 31, 2021  
and  
INDEPENDENT ACCOUNTANT'S  
COMPILATION REPORT**

**REYNO WATER DEPARTMENT**  
**Reyno, Arkansas**  
**For the Year Ended December 31, 2021**

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**Members of the City Council  
Reyno Water Department  
Reyno, Arkansas**

Management is responsible for the accompanying financial statements of the City of Reyno Water and Sewer Department, which comprise the statement of assets, liabilities, and net position – modified cash basis as of December 31, 2021, 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  
January 26, 2023

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**REYNO WATER DEPARTMENT**  
**STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION-MODIFIED CASH BASIS**  
**December 31, 2021**

<u><b>ASSETS</b></u>	
<b>CURRENT ASSETS</b>	
Cash and Cash Equivalents	\$ 10,732
<b>RESTRICTED ASSETS</b>	
Cash and Cash Equivalents	25,438
<b>FIXED ASSETS - AT COST</b>	
Water System	659,805
Less: accumulated depreciation	<u>(196,876)</u>
Net Fixed Assets	<u>462,929</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 499,099</u></u>
<u><b>LIABILITIES AND NET POSITION</b></u>	
<b>CURRENT LIABILITIES</b>	
Current maturities of long-term debt	\$ 4,200
<b>LONG-TERM DEBT, Net of Current Maturities</b>	
USDA Rural Development	164,101
<b>PAYABLES FROM RESTRICTED ASSETS</b>	
Customer Water Meter Deposits	<u>29,363</u>
<b>TOTAL LIABILITIES</b>	<u>197,664</u>
<b>NET POSITION</b>	
Unrestricted	297,597
Temporarily restricted	<u>3,838</u>
<b>TOTAL NET POSITION</b>	<u>301,435</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 499,099</u></u>

**SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

**REYNO WATER DEPARTMENT**  
**STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS**  
**For the Year Ended December 31, 2021**

**CASH RECEIPTS**

Water Revenue	\$ 86,934
Meter Deposits	2,076
Other Income	432
Grant Income	7,700
Loan Proceeds	51,095
Transfers From General Fund	19,080
Total Cash Receipts	<u>167,317</u>

**CASH DISBURSEMENTS**

Operating Salaries	15,460
Debt service	
Principal	27,543
Interest	2,189
Fees & Dues	1,920
Taxes	7,174
Garbage Fees	26,479
Utilities and Telephone	8,165
Repairs and Maintenance	9,030
Professional Fees	1,405
Office Expenses	1,075
Construction Costs	35,542
Fixed Assets Purchases	19,080
License & Permits	120
Meter Deposit Refunds	2,607
Software Support	1,901
Travel and Fees	1,504
Sewer Expense	247
Miscellaneous Expense	384
Total Cash Disbursements	<u>161,827</u>

**INCREASE IN CASH AND RESTRICTED CASH**

5,490

**BEGINNING CASH AND CASH EQUIVALENTS, AT JANUARY 1, 2021**30,680**ENDING CASH AND CASH EQUIVALENTS, AT DECEMBER 31, 2021**\$ 36,170

**SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**