

CITY OF STRONG WATER AND SEWER FUND
Strong, Arkansas
For the Year Ended December 31, 2020

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES



**HONORABLE DARYELL HOWELL, MAYOR
AND THE MEMBERS OF THE CITY COUNCIL
CITY OF STRONG WATER AND SEWER FUND
Strong, 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 the City of Strong Water & Sewer Fund for the year ended December 31, 2020. City of Strong Water & Sewer Fund'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 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 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 were unable to reconcile the proof of cash to the book balance for four of the bank accounts due to duplicate entries posted in the general ledger. We found no exceptions other than previously mentioned 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 sub ledger to deposit and billing documents.
- C. For one deposit, agree the cash/check composition of the deposit with receipt information.

Findings: We were unable to agree the deposits for the proof of cash for the year with the deposits per the journal for three of the bank accounts due to duplicate entries posted in the general ledger. We found no exceptions other than previously mentioned 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.
- D. For one deposit, agree the cash/check composition of the deposit with receipt information.

Findings: We found that adjustments made to customer accounts were not authorized. We found no exceptions other than previously mentioned as a result of the procedures.

**HONORABLE DARYELL HOWELL, MAYOR
AND THE MEMBERS OF THE CITY COUNCIL
CITY OF STRONG WATER AND SEWER FUND**

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) disbursements and determine if they were adequately documented.

Findings: We were unable to agree the disbursements for the proof of cash for the year with the disbursements per the journal for three of the bank accounts due to duplicate entries posted in the general ledger. We found no exceptions other than previously mentioned 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 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 City of Strong Water & Sewer Fund, Arkansas Natural Resources Commission, USDA Rural Development, 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, P.A.
Little Rock, Arkansas
July 5, 2022

**CITY OF STRONG, ARKANSAS
WATER AND SEWER FUND
FINANCIAL STATEMENTS
For the Year Ended December 31, 2020
and
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

CITY OF STRONG WATER AND SEWER FUND
Strong, Arkansas
For the Year Ended December 31, 2020

<u>Contents</u>	<u>Page</u>
Independent Accountant’s Compilation Report.....	1
Statement of Assets, Liabilities, and Net Position- Modified Cash Basis	2
Statement of Cash Receipts and Cash Disbursements	3



Berry & Associates
CERTIFIED PUBLIC ACCOUNTANTS

American Institute of CPAs

Arkansas Society of CPAs

Texas Society of CPAs

Page 1

**HONORABLE DARYELL HOWELL, MAYOR
AND THE MEMBERS OF THE CITY COUNCIL
CITY OF STRONG WATER AND SEWER FUND
Strong, Arkansas**

Management is responsible for the accompanying financial statements of City of Strong Water & Sewer Fund (a governmental organization), which comprise the statement of assets, liabilities, and net position – modified cash basis as of December 31, 2020, 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 association'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
July 5, 2022

11225 Huron Lane, Suite 212 • Little Rock, AR 72211 • 501-227-9044 • Fax 501-227-8791 •

jtberry@berryassociatescpa.com

2911 Turtle Creek Blvd., Suite 300 • Dallas, TX 75219 • 972-437-2919

2088 Main Street, Suite A • Madison, MS 39110

**CITY OF STRONG, ARKANSAS
WATER AND SEWER FUND
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION-MODIFIED CASH BASIS
December 31, 2020**

<u>ASSETS</u>	
CURRENT ASSETS	
Cash and cash equivalents	\$ 157,643
RESTRICTED ASSETS	
Cash and cash equivalents	138,922
FIXED ASSETS - AT COST	
Land	34,955
Office furniture	18,483
Automotive equipment	11,901
Equipment	40,181
Water and sewer system	2,743,955
Leasehold improvement	12,624
	2,862,099
Less: accumulated depreciation	(1,257,425)
Net Fixed Assets	1,604,674
TOTAL ASSETS	\$ 1,901,239
<u>LIABILITIES AND NET POSITION</u>	
CURRENT LIABILITIES	
Current maturities of long-term debt	\$ 23,600
LONG-TERM DEBT, Net of Current Maturities	
USDA Rural Development 9120-01	20,433
USDA Rural Development 9220-02	53,886
ADFA-SWSTRONG	210,831
Total Long-Term Debt	285,150
PAYABLES FROM RESTRICTED ASSETS	
Customer water meter deposits	33,911
TOTAL LIABILITIES	342,661
NET POSITION	
Unrestricted	1,476,617
Temporarily restricted	81,961
TOTAL NET POSITION	1,558,578
TOTAL LIABILITIES AND NET POSITION	\$ 1,901,239

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

CITY OF STRONG, ARKANSAS
WATER AND SEWER FUND
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended December 31, 2020

CASH RECEIPTS	
Water revenue	\$ 305,692
Interest income	493
Meter deposits received	2,000
	<u>308,185</u>
CASH DISBURSEMENTS	
Employee benefits	6,377
Dues and permits	2,109
Payroll taxes	7,082
Operating salaries	79,732
Debt service	
Principal	22,721
Interest	9,076
Utilities	31,818
Bond fees	2,285
Supplies	27,664
Professional fees	16,437
Insurance	11,280
Miscellaneous	29,447
Gas and oil	6,307
Repairs and maintenance	58,622
Travel	165
Sales tax	15,784
Meter deposit refunds	361
Transfers to general fund	4,996
	<u>332,263</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(24,078)
BEGINNING CASH, AT JANUARY 1, 2020	<u>320,643</u>
ENDING CASH, AT DECEMBER 31, 2020	\$ <u><u>296,565</u></u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT