

CITY OF STRONG WATER AND SEWER FUND
Strong, Arkansas
For the Year Ended December 31, 2023

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 on the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119 - 14-234-122 of the City of Strong Water & Sewer Fund for the year ended December 31, 2023. The 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 - 14-234-122.

The City of Strong Water & Sewer Fund 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 the following exceptions as a result of these procedures: We were unable to reconcile the proof of cash to the book balance for four of the bank accounts. 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 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 the following exceptions as a result of these procedures: We were unable to agree the deposits for the proof of cash for the year with the deposits per the journal for one of the bank accounts. We were unable to agree two of the credit card customer payments on the accounts receivable sub ledger to the deposit documents. We were unable to agree one of ten deposits cash/check composition to the receipt information. We found no other exceptions as a result of the procedures.*

**Honorable Daryell Howell, Mayor
and the Members of the City Council
City of Strong Water and Sewer Fund**

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 the following exceptions as a result of these procedures: Customer adjustments were not properly authorized. We found no other exceptions as a result of the procedures.*

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 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 for the proof of cash for the year with the disbursements per the journal for two of the bank accounts. We found no other 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: We found the debt service account was underfunded. We found no other 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.*

We were engaged by the City of Strong Water & Sewer Fund 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 - 14-234-122. 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.

**Honorable Daryell Howell, Mayor
and the Members of the City Council
City of Strong Water and Sewer Fund**

We are required to be independent of the City of Strong Water & Sewer Fund 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 City of Strong Water & Sewer Fund, Arkansas Development Finance Authority, 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

BERRY & ASSOCIATES, P.A.
Little Rock, Arkansas
November 21, 2025

**CITY OF STRONG, ARKANSAS
WATER AND SEWER FUND
FINANCIAL STATEMENTS
For the Year Ended December 31, 2023
and
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

CITY OF STRONG WATER AND SEWER FUND
Strong, Arkansas
For the Year Ended December 31, 2023

| <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 |



**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 the 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, 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 Fund'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

Berry & Associates, P.A.
Little Rock, Arkansas
November 21, 2025

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

berryassociatescpa.com

2911 Turtle Creek Blvd., Suite 300 • Dallas, TX 75219 • 214-613-8989

2088 Main Street, Suite A • Madison, MS 39110 • 601-620-2482

CITY OF STRONG, ARKANSAS
WATER AND SEWER FUND
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION-MODIFIED CASH BASIS
December 31, 2023

ASSETS

CURRENT ASSETS

| | |
|---------------------------|------------|
| Cash and cash equivalents | \$ 171,537 |
|---------------------------|------------|

RESTRICTED ASSETS

| | |
|---------------------------|---------|
| Cash and cash equivalents | 170,510 |
|---------------------------|---------|

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 |
| Construction in progress | 668,300 |
| | <hr/> |
| | 3,530,399 |
| Less: accumulated depreciation | <hr/> |
| | (1,399,674) |
| Net Fixed Assets | <hr/> |
| | 2,130,725 |
| TOTAL ASSETS | <hr/> <u>\$ 2,472,772</u> |

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

| | |
|--------------------------------------|-----------|
| Current maturities of long-term debt | \$ 28,800 |
|--------------------------------------|-----------|

LONG-TERM DEBT, Net of Current Maturities

| | |
|--------------------------------|---------|
| USDA Rural Development 9120-01 | 1,592 |
| USDA Rural Development 9220-02 | 28,810 |
| ADFA-SWSTRONG | 178,650 |
| ADFA-SWSTRONG 2022B | 140,157 |
| ADFA-SWSTRONG2 | 327,816 |
| Total Long-Term Debt | <hr/> |
| | 677,025 |

PAYABLES FROM RESTRICTED ASSETS

| | |
|-------------------------------|--------|
| Customer water meter deposits | <hr/> |
| | 38,330 |

TOTAL LIABILITIES

| | |
|--|---------|
| | <hr/> |
| | 744,155 |

NET POSITION

| | |
|------------------------|-----------|
| Unrestricted | 1,609,694 |
| Temporarily restricted | <hr/> |
| | 118,923 |

TOTAL NET POSITION

| | |
|--|-----------|
| | <hr/> |
| | 1,728,617 |

TOTAL LIABILITIES AND NET POSITION

| | |
|---------------------|-------|
| \$ <u>2,472,772</u> | <hr/> |
|---------------------|-------|

SEE INDEPENDENT ACCOUNTANT'S COMPILED REPORT

CITY OF STRONG, ARKANSAS
WATER AND SEWER FUND
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended December 31, 2023

CASH RECEIPTS

| | |
|-------------------------|--------------------|
| Water revenue | \$ 348,076 |
| Interest income | 151 |
| Meter deposits received | 1,250 |
| Loan proceeds received | 380,445 |
| Grant funds received | <u>211,820</u> |
| Total Cash Receipts | <u>941,742</u> |

CASH DISBURSEMENTS

| | |
|------------------------------|--------------------|
| Employee benefits | 900 |
| Dues and permits | 3,000 |
| Payroll taxes | 6,407 |
| Operating salaries | 78,532 |
| Debt service | |
| Principal | 28,860 |
| Interest | 7,088 |
| Utilities | 22,082 |
| Bond fees | 2,950 |
| Capital purchases | 575,941 |
| Supplies | 54,583 |
| Professional fees | 14,600 |
| Insurance | 14,089 |
| Miscellaneous | 16,714 |
| Gas and oil | 14,822 |
| Repairs and maintenance | 125,513 |
| Rent | 844 |
| Sales tax | 26,353 |
| Meter deposit refunds | <u>471</u> |
| Total Cash Disbursements | <u>993,749</u> |

DECREASE IN CASH AND CASH EQUIVALENTS

| | |
|--|-------------------|
| BEGINNING CASH AND CASH EQUIVALENTS, AT JANUARY 1, 2023 | 394,054 |
| ENDING CASH AND CASH EQUIVALENTS, AT DECEMBER 31, 2023 | \$ 342,047 |