

KEO MUNICIPAL WATER AND SEWER DEPARTMENT
Keo, Arkansas
For the Year Ended December 31, 2020

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

**City Council
Keo Municipal Water and Sewer Department
Keo, 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 Keo Municipal Water and Sewer Department for the year ended December 31, 2020. Keo Municipal Water and 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. 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

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 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 10 customer payments on the accounts receivable subsidiary ledger to deposit and billing documents.
- c. For one deposit, 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 cash/check composition of a deposit with receipt information. We found no other exceptions as a result of these procedures.

Accounts Receivable

3. a. Agree 10 customer billings to the accounts receivable sub ledger.
- b. Determine that 5 customer adjustments were properly authorized.

Findings: We found the following exceptions as a result of these procedures: We were unable to determine that 5 customer adjustments were properly authorized. We found no other exceptions as a result of these procedures.

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**City Council
Keo Municipal Water and Sewer 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 no exceptions as a result of the procedures.

Property, Plant, & Equipment

5. a. Determine that additions and disposals were properly accounted for in the records.

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 the 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 that the debt service account was underfunded. 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.

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, Arkansas Natural Resources Commission, and the Keo Municipal Water and Sewer Department and is not intended to be used by anyone other than this specified party.

Berry & Associates

BERRY & ASSOCIATES, P.A.
Little Rock, Arkansas
August 30, 2021

**KEO MUNICIPAL WATER AND SEWER DEPARTMENT
FINANCIAL STATEMENTS
For the Year Ended December 31, 2020
and
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

KEO MUNICIPAL WATER AND SEWER DEPARTMENT
Keo, Arkansas
For the Year Ended December 31, 2020

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BERRY & ASSOCIATES, P.A.

Certified Public Accountants

American Institute of CPAs

Arkansas Society of CPAs

Texas Society of CPAs

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**City Council
Keo Municipal Water and Sewer Department
Keo, Arkansas**

Management is responsible for the accompanying financial statements of Keo Municipal Water and Sewer Department 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. Accordingly, we do not express an opinion, a conclusion, nor provide any form of 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

Berry & Associates, P.A.
Little Rock, Arkansas
August 30, 2021

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KEO MUNICIPAL WATER AND SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION-MODIFIED CASH BASIS
December 31, 2020

<u>ASSETS</u>	
CURRENT ASSETS	
Cash	\$ 5,955
RESTRICTED ASSETS	
Restricted Cash	10,494
FIXED ASSETS	
Water Plant	336,147
Sewer Plant	450,041
	<u>786,188</u>
Less: Accumulated Depreciation	(742,772)
Net Fixed Assets	<u>43,416</u>
TOTAL ASSETS	<u>\$ 59,865</u>
 <u>LIABILITIES AND NET POSITION</u> 	
CURRENT LIABILITIES	
Current Maturities of Long-Term Debt	\$ 10,000
LONG-TERM DEBT, Net of Current Maturities	
Arkansas Natural Resources Commission	61,009
PAYABLES FROM RESTRICTED ASSETS	
Customer Water Meter Deposits	<u>7,030</u>
TOTAL LIABILITIES	<u>78,039</u>
NET POSITION	
Unrestricted, deficit	(18,642)
Temporarily Restricted	<u>468</u>
TOTAL NET POSITION, DEFICIT	<u>(18,174)</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 59,865</u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**KEO MUNICIPAL WATER AND SEWER DEPARTMENT
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended December 31, 2020**

CASH RECEIPTS	\$ 91,455
Water Revenue	23
Interest Income	970
Meter Deposits	<u>92,448</u>
Total Cash Receipts	
CASH DISBURSEMENTS	36,219
Labor - contract labor	1,334
Labor - wages	
Debt Service	9,509
Principal	4,026
Interest	1,029
Chemicals	965
Dues & Subscriptions	750
Insurance	430
Lab Expenses	1,162
Licenses & Permits	219
Postage	12,630
Professional Fees	2,913
Repairs & Maintenance	187
Supplies	1,154
Taxes - payroll	6,600
Taxes - sales	11,505
Trash Service	6,172
Utilities	159
Miscellaneous Expense	405
Meter Deposit Refunds	<u>97,368</u>
Total Cash Disbursements	
DECREASE IN CASH AND RESTRICTED CASH	(4,920)
BEGINNING CASH AND RESTRICTED CASH, AT JANUARY 1, 2020	<u>21,369</u>
ENDING CASH AND RESTRICTED CASH, AT DECEMBER 31, 2020	<u>\$ 16,449</u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT