

Agreed Upon Procedures

Junction City Water and Sewer

For the Year Ended December 31, 2019

PARKS & COMPANY PLC

A PROFESSIONAL LIMITED COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

441 NORTH WASHINGTON AVENUE
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MEMBER
AMERICAN INSTITUTE OF CPAS

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

To the City Council
City of Junction City
Junction City, Arkansas

We have performed the procedures enumerated below on the accounting records of Junction City Water and Sewer as of and for the year ended December 31, 2019. The City of Junction City Water and Sewer's management is responsible for the company's accounting records.

Junction City Water and Sewer has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of satisfying annual reporting requirements of the Arkansas Division of Legislative Audit. Additionally, the Arkansas Legislative Joint Auditing Committee has agreed to and acknowledged that the procedures performed are appropriate for their purposes. 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 need 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.

Our 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: There were no findings relating to the cash and investment procedures and there were no checks outstanding for more than 90 days at year end.

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.

We found no exceptions as a result of performing 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: The accounts receivable schedule and the customer deposit schedule included non-active customers. Management performed a detailed review of customer accounts during 2020.

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 ten (10) disbursements and determine if they were adequately documented.

We found no exceptions as a result of performing the procedures.

Property, Plant and Equipment

5. Determine that additions and disposals were properly accounted for in the records.
(Materiality level – 5% of total equipment or \$500, whichever is greater.)

We found no exceptions as a result of performing 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.

We found no exceptions as a result of performing the procedures.

General

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

We found no exceptions as a result of performing the procedures.

We were engaged by Junction City Water and Sewer to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records of Junction City Water and Sewer. 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 Junction City Water and Sewer and to meet other 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 management of the City of Junction City Water and Sewer and the Arkansas Legislative Joint Auditing Committee, and is not intended to be and should not be used by anyone other than those specified parties.

Parker + Company PLLC

February 28, 2022

Financial Statements

Junction City Water and Sewer

For the Year Ending December 31, 2019

**Junction City Water and Sewer
Compiled Financial Statements
December 31, 2019**

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To the City Council
City of Junction City
Junction City, Arkansas

Management is responsible for the accompanying financial statements of Junction City Water and Sewer, as of and for the year ended December 31, 2019. 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.

Management has elected to omit substantially all the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the City's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic or historical context.

Parks & Company PLC

February 24, 2022
El Dorado, Arkansas

**Junction City Water and Sewer
Statement of Net Position
December 31, 2019**

Assets

Current Assets

Cash	80,162
Certificates of Deposit	72,703
Accounts Receivable, net	16,039
Due from General Fund	10,295
Total current assets	<u>179,199</u>

Restricted Cash

Cash-sewer reserve	7,027
Cash- meter deposit	45,661
Total restricted assets	<u>52,688</u>

Capital Assets, Net

626,710

Total Assets

858,597

Liabilities and Net Position

Current Liabilities

Sales tax payable	388
Current portion of bonds payable	15,480
Total current Liabilities	<u>15,868</u>

Long-term Liabilities

Bonds payable	208,939
Customer meter deposits	45,573
Total long-term liabilities	<u>254,512</u>

Net Position

Invested in capital assets, net of related debt	402,291
Restricted	52,688
Unrestricted	133,238
Total net position	<u>588,217</u>
Total Liabilities and net position	<u><u>858,597</u></u>

Junction City Water and Sewer
Statement of Revenues, Expenses, and Changes in Net Position
December 31, 2019

Operating Revenues	
Water Charges	69,250
Sewer Charges	53,378
Late fees and reconnection fees	9,845
Lease income	12,935
Other operating revenues	2,028
Total operating revenues	147,436
 Operating Expense	
Materials and supplies	9,785
Depreciation	32,996
Bad Debts	9,651
Contract Labor	5,580
Professional Fees	2,500
Gas and fuel	1,406
Utilities	13,393
Insurance	3,287
Maintenance and repairs	6,064
Salaries and payroll taxes	76,103
Employee Benefits	2,742
Licenses	1,707
Miscellaneous	2,978
Office	1,153
Training	460
Travel	635
Testing	2,180
Total operating expenses	172,620
 Net Operating Income (Loss)	 (25,184)
 Nonoperating Revenue (Expense)	
Interest Income	542
Interest Expense	(11,412)
Total nonoperating	(10,870)
 Net Income (Loss)	 (36,054)
Net Position, beginning of year	624,271
Net Position, end of year	588,217

See accountant's compilation report