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THE
KILLINGSWORTH FIRM
— CPA • PLLC —
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors of
City of Jasper Water & Sewer Department
Jasper, Arkansas

Management is responsible for the accompanying financial statements of the **City of Jasper Water & Sewer Department** which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2021 and 2020, and the related statements of revenues, expenses and changes in net assets – modified cash basis for the years then ended in accordance with the modified cash basis of accounting. I 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. I did not audit or review the financial statements, nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosure were included in the financial statements, they might influence the user's conclusions about the Department'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.

The Killingsworth Firm
The Killingsworth Firm CPA, PLLC

Berryville, Arkansas
November 10, 2022

CITY OF JASPER WATER & SEWER DEPARTMENT
STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
AS OF DECEMBER 31, 2021 AND 2020

ASSETS			
		2021	2020
Current Assets			
Cash and Cash Equivalents		\$ 63,207	\$ 89,805
Total Current Assets		63,207	89,805
Restricted Assets			
Bond and Interest Bond Service		14,472	12,060
Depreciation Reserve		78,479	72,834
Meter Deposits		29,455	26,354
Total Restricted Assets		122,406	111,248
Property and Equipment, at Cost			
Water and Sewer Systems		663,359	663,359
Wastewater Improvement Project		78,996	-
Sewer Lift Station Project		61,288	-
New Waterline Project		1,066,003	1,066,003
Accumulated Depreciation		(629,229)	(584,179)
Net Property and Equipment		1,240,417	1,145,183
Total Assets		\$ 1,426,030	\$ 1,346,236
LIABILITIES AND NET ASSETS			
Current Liabilities			
Current Portion of Long-term Debt		\$ 18,377	\$ 16,980
Total Current Liabilities		18,377	16,980
Liabilities Payable from Restricted Assets			
Customer Meter Deposits		29,455	26,354
Total Liabilities Payable from Restricted Assets		29,455	26,354
Long-Term Liabilities			
Long-Term Debt, Net of Current Portion		719,977	738,081
		719,977	738,081
Total Liabilities		767,809	781,415
Net Assets			
Invested in Capital Assets, Net of Related Debt		440,775	390,122
Restricted - Debt Service		14,472	12,060
Restricted - Depreciation Reserve		78,479	72,834
Restricted - Sewer Lift Station Project		61,288	60,177
Unrestricted		63,207	29,628
Total Equity		658,221	564,821
Total Liabilities and Equity		\$ 1,426,030	\$ 1,346,236

See Independent Accountant's Compilation Report

CITY OF JASPER WATER & SEWER DEPARTMENT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating Revenues		
Water Revenue	\$ 186,687	\$ 182,023
Sewer Revenue	148,468	132,186
Total Operating Revenues	<u>335,155</u>	<u>314,209</u>
Operating Expenses		
Water Purchases	134,487	131,785
Lab Fees and Chemicals	2,110	3,154
Contract Labor	14,245	18,110
Depreciation	45,050	43,234
Employee Benefits	12,364	12,783
Payroll Expenses	45,556	46,292
Professional Fees	5,200	15,014
Postage	1,892	1,495
Insurance	1,300	1,505
Training and Education	1,172	452
Dues and Memberships	1,520	938
Supplies	11,648	10,265
Other Expenses	1,525	537
Repairs and Maintenance	14,499	10,464
Waste Removal	10,165	13,767
Utilities	20,371	18,658
Total Operating Expenses	<u>323,104</u>	<u>328,453</u>
Operating Income (Loss)	<u>12,051</u>	<u>(14,244)</u>
Other Income (Expense)		
Interest Income	51	71
Other Income	5,550	5,519
Grant Income	77,130	60,177
Interest Expense	(21,382)	(21,877)
Total Other Income (Expense)	<u>61,349</u>	<u>43,890</u>
Increase (Decrease) in Net Assets	73,400	29,646
Net Assets, Beginning of Year	564,821	517,175
Transfers from General Fund	<u>20,000</u>	<u>18,000</u>
Net Assets, End of Year	<u><u>\$ 658,221</u></u>	<u><u>\$ 564,821</u></u>

See Independent Accountant's Report and Notes to Financial Statements

**City of Jasper
Water & Sewer Department
Jasper, Arkansas**

Independent Accountant's Report on Applying
Agreed-Upon Procedures
December 31, 2021

**CITY OF JASPER WATER & SEWER DEPARTMENT
INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
PROCEDURES
DECEMBER 31, 2021**

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CERTIFIED PUBLIC ACCOUNTANT

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

City of Jasper Water & Sewer Department
Jasper, Arkansas

I have performed the procedures enumerated on the accompanying schedule of procedures and findings, which were agreed to by the City of Jasper Water & Sewer Department (the Department), solely to assist you with respect to complying with the requirements of the State of Arkansas Act 218 of 1999 as of and for the year ended December 31, 2021. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable professional standards, including the AICPA's *Code of Professional Conduct*, and its ethical principles of integrity, objectivity, professional competence, and due care. The sufficiency of these procedures is solely the responsibility of those charged with governance of the Department. Consequently, I make no representation regarding the sufficiency of the procedures described on the accompanying schedule either for the purpose for which this report has been requested or for any other purpose.

I was not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the financial statements of the Department taken as a whole. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the City of Jasper Water & Sewer Department and the Arkansas Legislative Joint Auditing Committee and should not be used by anyone other than these specified parties.

The Kelly H. F. CPA, PLLC
The Killingsworth Firm CPA, PLLC

Berryville, Arkansas
November 10, 2022

CITY OF JASPER WATER & SEWER DEPARTMENT
SCHEDULE OF PROCEDURES AND FINDINGS
DECEMBER 31, 2021
(See Independent Accountant's Report)

General

1. Procedure – Determined that all items of financial significance were approved and documented in the minutes of the governing body's meetings.

Finding – No exceptions; all matters of financial significance appeared to be approved and documented in the minutes of the directors' meetings.

Cash and Investments

1. Procedure – Performed a proof of cash for the year and reconciled year-end bank balances to book balances within 5% or \$500, whichever was greater.

Finding – No exceptions noted.

2. Procedure – Confirmed with depository institutions the cash on deposit.

Finding – No exceptions noted.

3. Procedure – Agreed the proof of cash ending balances to the book balances.

Finding – No exceptions noted.

Cash Receipts

1. Procedure – Agreed the deposits per the proof of cash for the year with the deposits per the cash receipts journal within 5% or \$500, whichever was greater.

Finding – No exceptions noted.

2. Procedure – Agreed ten customer payments on the accounts receivable sub-ledger to deposit and billing documents.

Finding – No exceptions noted.

CITY OF JASPER WATER & SEWER DEPARTMENT
SCHEDULE OF PROCEDURES AND FINDINGS
DECEMBER 31, 2021
(See Independent Accountant's Report)

Cash Receipts (Continued)

3. Procedure - For one deposit, agreed the cash/check composition of the deposit with receipt information.

Finding – No exceptions noted.

Accounts Receivable

1. Procedure – Agreed ten customer billings to the accounts receivable sub-ledger.

Finding – No exceptions noted.

2. Procedure – Determined that five customer adjustments were properly authorized.

Finding – No exceptions noted.

Cash Disbursements

1. Procedure - Agreed the disbursements per the proof of cash for the year with the disbursements per the cash disbursements journal within 5% or \$500, whichever was greater.

Finding – No exceptions noted.

2. Procedure – Analyzed all property, plant, and equipment disbursements.

Finding – No exceptions noted.

3. Procedure – Selected all disbursements paid to employees other than payroll and ten other disbursements and determined if they were adequately documented.

Finding – No exceptions noted.

CITY OF JASPER WATER & SEWER DEPARTMENT
SCHEDULE OF PROCEDURES AND FINDINGS
DECEMBER 31, 2021
(See Independent Accountant's Report)

Property, Plant, and Equipment

1. Procedure – Determined that additions and disposals were properly accounted for in the records.

Finding – No exceptions noted.

Long-Term Debt

1. Procedure – Scheduled long-term debt and verified changes in all balances for the year.

Finding – No exceptions noted.

2. Procedure – Confirmed loans, bonds, notes, and contracts payable with lender.

Finding – No exceptions noted.

3. Procedure – Determined that the appropriate debt service accounts have been established and maintained.

Finding – No exceptions noted.

Other Matters

While compiling the financial statements for the year ended December 31, 2021, certain adjustments were necessary to the accounting records to correct erroneous entries. Some of these errors seemed to indicate uncertainty on the part of the Department's accounting staff with regard to the proper place to record certain items. We recommend that the Department's accounting staff consult with Killingsworth Firm personnel when questions arise as to the proper booking of transactions.