

CITY OF BISCOE WATERWORKS  
BISCOE, ARKANSAS  
INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES

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Members of the City Council  
City of Biscoe Waterworks  
Biscoe, Arkansas 72018

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON  
PROCEDURES

We have performed the procedures enumerated below on compliance with Ark. Code Ann. 14-234-119 to 122, of the City of Biscoe Water and Sewer Department as of July 31, 2022 and for the year then ended. The City of Biscoe Waterworks' management is responsible for the Department's accounting records.

The City of Biscoe, AR Waterworks has agreed to and acknowledged that the procedures performed are appropriate to meet the intended compliance with Ark. Code Ann 14-234-119 to 122. Additionally, the Mayor, City Council, and management of the Biscoe Arkansas Water and Sewer Department have agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for other purposes. The procedures performed may not address all the items of interest as 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 purpose.

The procedures and associated findings are as follows:

**Cash and Investments:**

1. We performed a proof of cash for the year and reconciled year end bank balances to book balances.
2. We obtained confirmation of the cash on deposit for the City of Biscoe, AR Waterworks:

Bancorp South

Cash - City of Biscoe Water	\$ 14,728
Cash - Debt Service Reserve	24,491
Cash - Customer Service	10,797

Farmers & Merchants Bank

Cash- Repair Fund	2,713,533
Cash - Depreciation Fund	10,298
	<u>\$ 2,773,847</u>

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

We found no exceptions as a result of these procedures.

#### **Receipts:**

1. Agreed the deposits per the proof of cash for the year with the deposits per the cash receipts journal.
2. Agreed 10 customer payments on the accounts receivable sub ledger to deposit and billing documents.

We found no exceptions as a result of these procedures.

#### **Accounts Receivable:**

1. Agreed 10 customer billings to the accounts receivable sub ledger.
2. Reviewed five customer adjustments for proper authorization.

As a result of these procedures, we noted that adjustments were properly documented as to review and authorization.

#### **Cash Disbursements:**

1. Agreed the disbursements per the proof of cash for the year with the disbursements per the journal within 5 %.
2. Analyzed all property, plant and equipment disbursements.
3. Selected 10 disbursements and determined that they were adequately documented.

We found no exceptions as a result of these procedures.

#### **Property, Plant, and Equipment**

We determined that all additions and disposals were properly accounted for in the records.

We found no exceptions as a result of the procedures.

## 5. Long-term Debt

Long-Term debt was confirmed with lenders; balances are as summarized below:

	<u>7/31/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>7/31/2022</u>
4.5% Revenue Bonds, 1994 issue, secured by pledge of future revenues	\$ 208,479	\$ -	\$ 12,137	\$ 196,342
4.5% Revenue Bonds, 2001 issue, secured by pledge of future revenues	37,442		1,518	35,924
	<u>\$ 245,921</u>	<u>\$ -</u>	<u>\$ 13,655</u>	<u>\$ 232,266</u>

Terms of the loan agreements require that transfers be made to debt service reserve accounts, and depreciation reserve accounts. We noted that the appropriate transfers were made.

We were engaged by the City of Biscoe Waterworks 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 perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items. Accordingly, we do not express such an opinion. 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 the City of Biscoe Waterworks and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our attention that would have been reported to you.

Meyer & Ward

Meyer & Ward, P.A.  
Certified Public Accountants  
Wynne, AR  
April 3, 2023

CITY OF BISCOE WATERWORKS  
FINANCIAL STATEMENTS – CASH BASIS  
FOR THE YEAR ENDED JULY 31, 2022  
AND  
INDEPENDENT ACCOUNTANT’S REPORT

MEYER AND WARD, P.A.  
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WYNNE, AR 72396

**CITY OF BISCOE WATERWORKS  
BISCOE, ARKANSAS  
FOR THE YEAR ENDED JULY 31, 2022**

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of City of Biscoe Waterworks, which comprise the statement of assets, liabilities and net position – cash basis and the related statement of revenues and expenses- cash basis as of July 31, 2022 and for the year then ended in accordance with the cash basis of accounting and for determining that the 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 cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has omitted the management's discussion and analysis that the cash basis of accounting requires 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.

Management has elected to omit substantially all of the disclosures required by the 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 financial position and results of operations. Accordingly, the financial statements are not designed for those who are not informed about such matters.

*Meyer & Ward*

Meyer and Ward, CPAS  
Wynne, AR 72396  
April 3, 2023

CITY OF BISCOE WATERWORKS  
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - CASH BASIS  
July 31, 2022

ASSETS

Current Assets:

Cash	\$ 14,428
Total Current Assets	<u>14,428</u>

Restricted Assets:

Cash - debt service reserve	24,491
Cash - depreciation reserve	10,298
Cash - customer deposits	10,797
Cash - Repair Fund	<u>2,713,533</u>
Total Restricted Assets	<u>2,759,119</u>

Property, Plant and Equipment:

Water and sewer system	2,357,000
Equipment	306,429
Land	5,500
Less: Accumulated depreciation	<u>(1,823,050)</u>
Net property, plant and equipment	<u>845,879</u>

Total Assets	<u><u>\$ 3,619,426</u></u>
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See independent accountant's compilation report



CITY OF BISCOE WATERWORKS  
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - CASH BASIS  
July 31, 2022

LIABILITIES AND NET POSITION

Current Liabilities:

Due to other funds	\$ 2,357
Current portion of long term debt	<u>14,214</u>
Total Current Liabilities	<u>16,571</u>

Payable From Restricted Assets:

Meter deposits	<u>10,747</u>
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Long Term Liabilities:

Notes payable net of current portion	<u>218,052</u>
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Net Position

Net investment in capital assets	613,613
Restricted for depreciation	2,713,533
Restricted for debt service	24,491
Unrestricted	<u>22,419</u>
Total Net Assets	<u>3,374,056</u>

Total Liabilities and Net Assets	<u><u>\$ 3,619,426</u></u>
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See independent accountant's compilation report

CITY OF BISCOE WATERWORKS  
STATEMENT OF REVENUES AND EXPENSES – CASH BASIS  
FOR THE YEAR ENDED JULY 31, 2022

**OPERATING REVENUES:**

Water fees	\$ 56,060
Sewer fees	46,035
Other revenues	4,211
	<u>106,306</u>

**OPERATING EXPENSES:**

Salaries and Labor	25,833
Retirement	874
Depreciation	64,851
Utilities	10,144
Operating Maintenance and Supplies	19,492
Insurance	478
Office Supplies	3,584
Payroll Taxes	1,920
Reimbursements	693
Rent	2,000
Fuel and Vehicle	2,043
Postage	1,845
Audit	2,500
Travel	775
Miscellaneous	8,139
	<u>145,171</u>

Operating Income (Loss)	<u>(38,865)</u>
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**Non-operating revenues (expenses)**

Payments on behalf of City	(1,736)
Highway Department Settlement	2,712,677
Interest expense	(10,728)
Interest income	891
	<u>2,701,104</u>

**EXCESS (DEFICIENCY) OF REVENUE  
OVER EXPENSE**

<u>\$ 2,662,239</u>
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See independent accountant's compilation report.