

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, 2023, 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	\$ 7,316
Cash - Debt Service Reserve	24,560
Cash - Customer Service	11,633
Farmers & Merchants Bank	
Cash- Repair Fund	2,121,342
Cash - Depreciation Fund	2,754
	<u>\$ 2,167,605</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>7/31/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>7/31/2023</u>
4.5% Revenue Bonds, 1994 issue, secured by pledge of future revenues	\$ 196,342	\$ -	\$ 12,702	\$ 183,640
4.5% Revenue Bonds, 2001 issue, secured by pledge of future revenues	35,924		1,453	34,471
	<u>\$ 232,266</u>	<u>\$ -</u>	<u>\$ 14,155</u>	<u>\$ 218,111</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
June 12, 2024

CITY OF BISCOE WATERWORKS
FINANCIAL STATEMENTS – CASH BASIS
FOR THE YEAR ENDED JULY 31, 2023
AND
INDEPENDENT ACCOUNTANT’S REPORT

MEYER AND WARD, P.A.
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**CITY OF BISCOE WATERWORKS
BISCOE, ARKANSAS
FOR THE YEAR ENDED JULY 31, 2023**

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

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, 2023 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
June 12, 2024

CITY OF BISCOE WATERWORKS
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - CASH BASIS
July 31, 2023

ASSETS

Current Assets:	
Cash	\$ 7,316
Total Current Assets	<u>7,316</u>
Restricted Assets:	
Cash - Debt Service Reserve	24,560
Cash - Depreciation Reserve	2,754
Cash - Customer Deposits	11,633
Cash - Repair Fund	<u>2,121,342</u>
Total Restricted Assets	<u>2,160,289</u>
Property, Plant and Equipment:	
Water Plant	295,454
Sewer System	2,553,043
Equipment	82,230
Land	5,500
Construction in Process	401,505
(Less) Accumulated Depreciation	<u>(1,891,694)</u>
Net Property, Plant and Equipment	<u>1,446,038</u>
Total Assets	<u><u>\$ 3,613,643</u></u>

See independent accountant's compilation report

CITY OF BISCOE WATERWORKS
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - CASH BASIS
July 31, 2023

LIABILITIES AND NET POSITION

Current Liabilities:	
Current portion of long term debt	\$ 14,757
Total Current Liabilities	<u>14,757</u>
Payable From Restricted Assets:	
Meter Deposits	<u>11,567</u>
Long Term Liabilities:	
Notes Payable net of Current Portion	<u>203,354</u>
Net Position	
Net Investment in Capital Assets	1,227,927
Restricted for Depreciation	2,124,096
Restricted for Debt Service	24,560
Unrestricted	<u>7,382</u>
Total Net Assets	<u>3,383,965</u>
Total Liabilities and Net Assets	<u>\$ 3,613,643</u>

See independent accountant's compilation report.

CITY OF BISCOE WATERWORKS
STATEMENT OF REVENUES AND EXPENSES – CASH BASIS
FOR THE YEAR ENDED JULY 31, 2023

OPERATING REVENUES:

Water Fees	\$ 64,745
Sewer Fees	45,795
Other Revenues	1,440
	111,980

OPERATING EXPENSES:

Salaries and Labor	36,191
Retirement	460
Depreciation	68,647
Utilities	11,436
Operating Maintenance and Supplies	25,025
Insurance	1,193
Office Supplies	3,840
Payroll Taxes	2,150
Reimbursements	832
Rent	177
Fuel and Vehicle	5,237
Postage	1,354
Audit	2,500
Travel	578
Miscellaneous	8,893
	168,513

Operating Income (Loss)	(56,533)
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Non-operating revenues (expenses)

Transfers to City	(1,811)
ARPA Grant funds transferred from City	72,306
Interest Expense	(10,229)
Interest Income	5,872
	66,138

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

	\$ 9,605
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See independent accountant's compilation report.