



**Todd & Associates CPAs**  
ACCOUNTING - TAX - PAYROLL - CONSULTING

**CITY OF DIAZ WATER AND SEWER DEPARTMENT  
Diaz, Arkansas**

**For the Year Ended December 31, 2021**

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

**CITY OF DIAZ  
WATER AND SEWER DEPARTMENT  
DIAZ, ARKANSAS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

TABLE OF CONTENTS

	PAGES
INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES	3
INDEPENDENT ACCOUNTANT’S COMPILATION REPORT	6
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION – MODIFIED CASH BASIS	7
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS	8
SUPPLEMENTARY INFORMATION – WATER AND SEWER RATES	9

**CITY OF DIAZ  
WATER AND SEWER DEPARTMENT  
DIAZ, ARKANSAS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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

**To the Mayor, City Council and Management  
of the City of Diaz, Arkansas Water Department  
Diaz, Arkansas**

I have performed the procedures enumerated below with respect to modified cash basis financial information and compliance with certain state laws, which were agreed to by the Mayor, City Council and management of the City of Diaz, Arkansas Water and Sewer Department (the “Department”) for the year ended December 31, 2021. This report is prepared in accordance with Arkansas Code Ann. 14-234-119. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Mayor, City Council and management of the Department. Consequently, I 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 findings are as follows:

1. Cash and Investments

- 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.

2021 – I found no exceptions as a result of the above procedures.

2. Receipts

- 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 ten 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.

2021 – I found no exceptions as a result of the above procedures.

**CITY OF DIAZ  
WATER AND SEWER DEPARTMENT  
DIAZ, ARKANSAS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

3. Accounts Receivable

- A. Agree ten customer billings to the accounts receivable subledger
- B. Determine the five customer adjustments were properly authorized

2021 – I found no exceptions as a result of the above procedure 3(A).

2021 – I found one exception as a result of the above procedure 3(B). One of the five customer adjustments reviewed, totaling \$7.68, was not properly authorized.

4. Disbursements

- 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 other disbursement and determine if they were properly documented.

2021 – In Procedure 4C, the invoice copy for one of the disbursements selected for testing could not be located by the Department, and thus we were not able to match the payment to a source document. The vendor acknowledged the service provided, but similarly could not produce a copy of the invoice from their records supporting the disbursement of \$170.89 for a replacement tire for the Department's garbage truck.

5. Property, Plant & Equipment

- A. Determine that additions and disposals were properly accounted for in the records.

2021 – I found no exceptions as a result of the above procedure.

6. Long-Term Debt

- 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.

2021 – I found no exceptions as a result of the above procedures.

7. General

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

**CITY OF DIAZ  
WATER AND SEWER DEPARTMENT  
DIAZ, ARKANSAS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

2021 – I found no exceptions as a result of the above procedure. Monthly sanitation fee increased to \$10.00 per month beginning on July 1, 2021. Water service meter installation fee increased to \$500.00 as of August 1, 2021.

I was not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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 Legislative Joint Auditing Committee and City of Diaz Water and Sewer Department, and it is not intended to be and should not be used by anyone other than those specified parties.

*Todd & Associates CPAs LLC*

Todd & Associates CPAs  
Mark Todd, Managing Partner  
Little Rock, Arkansas  
December 27, 2022

**CITY OF DIAZ  
WATER AND SEWER DEPARTMENT  
DIAZ, ARKANSAS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

**To the Mayor, City Council and Management of the  
City of Diaz Water and Sewer Department  
Diaz, Arkansas**

Management is responsible for the accompanying financial statements of the City of Diaz Water and Sewer Department (the "Department"), which comprise the statements of assets, liabilities, and net position – modified cash basis as of December 31, 2021 and the related statement of cash receipts and cash disbursements for the years 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 statement 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 of 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 water and sewer system's assets, liabilities, net position, revenue and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Supplementary Information

The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not required as part of the modified cash financial statements. We did not audit or review the supplementary information nor were we required to perform any procedures to verify the accuracy or completeness of the supplementary information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this supplementary information.

*Todd & Associates CPAs LLC*

Todd & Associates CPAs  
Little Rock, Arkansas  
December 27, 2022

**City of Diaz, Arkansas**  
**Water and Sewer Department**

Statement of Assets, Liabilities, and Net Positions  
Modified Cash Basis  
For the Year Ended December 31, 2021

	<u>2021</u>
<u>Assets</u>	
Current Assets	
Cash	\$ 53,871
Restricted Assets	
Cash	\$ 25,575
Capital Assets	
Capital assets, net of accumulated depreciation	\$ 333,175
Total Assets	<u>\$ 412,621</u>
<u>Liabilities and Net Position</u>	
Current Liabilities	
Customer Deposits	\$ 25,575
Current maturities of long-term debt	\$ 20,657
Total current liabilities	<u>\$ 46,232</u>
Long-Term Liabilities	
Debt	\$ 21,073
Total Liabilities	<u>\$ 67,305</u>
Net Position	
Net investment in capital assets	\$ 291,445
Unrestricted	\$ 53,871
Total Net Position	<u>\$ 345,316</u>
Total Liabilities and Net Position	<u>\$ 412,621</u>

**City of Diaz, Arkansas**  
**Water and Sewer Department**

Statement of Cash Receipts and Cash Disbursements  
For the Year Ended December 31, 2021  
(Unaudited)

	<u>2021</u>
<u>Assets</u>	
Cash Receipts	
Services	\$ 313,204
Meter deposits	4,625
Interest	942
Miscellaneous income	100
Sale of capital asset	<u>2,500</u>
Total Cash Receipts	321,372
Cash Disbursements	
Debt Service:	21,389
Capital expenditures	-
Water purchase	101,285
Landfill fees	19,511
Payroll and related expenses	90,243
Contract Labor	1,742
Deposit refunds	2,705
Sales tax	16,470
Operation and maintenance	4,396
Garbage bags	9,043
Insurance	6,279
Licenses and fees	8,437
Mosquito control	7,300
Office supplies	4,648
Operating supplies	6,603
Utilities	7,294
Gas and Oil	-
Miscellaneous	<u>1,128</u>
Total Cash Disbursements	<u>308,472</u>
Increase/(Decrease) in Cash	12,899
Beginning Cash, January 1st	<u>66,546</u>
Ending Cash, December 31st	<u><u>\$ 79,445</u></u>



**City of Diaz Water and Sewer Department**  
**Water and Sewer Rates**  
**Supplementary Information**  
**For the Year Ending December 31, 2021**

Usage	Water	Sewer
First 1,000 Gallons		
(Minimum Fee)	\$ 5.00	\$ 7.50
1100	5.00	7.70
1200	5.00	7.90
1300	5.00	8.10
1400	5.00	8.30
1500	5.00	8.50
1600	5.00	8.70
1700	5.00	8.90
1800	5.00	9.10
1900	5.00	9.30
2000	5.00	9.50
2100	5.50	9.70
2200	6.00	9.90
2300	6.50	10.10
2400	7.00	10.30
2500	7.50	10.50
2600	8.00	10.70
2700	8.50	10.90
2800	9.00	11.10
2900	9.50	11.30
3000	10.00	11.50
3100	10.50	11.70
3200	11.00	11.90
3300	11.50	12.10
3400	12.00	12.30
3500	12.50	12.50
3600	13.00	12.70
3700	13.50	12.90
3800	14.00	13.10
3900	14.50	13.30
4000	15.00	13.50
4100	15.50	13.63
4200	16.00	13.75
4300	16.50	13.88
4400	17.00	14.00
4500	17.50	14.13
4600	18.00	14.25
4700	18.50	14.38
4800	19.00	14.50

Usage	Water	Sewer
4900	\$ 19.50	\$ 14.63
5000	20.00	14.75
5100	20.50	14.88
5200	21.00	15.00
5300	21.50	15.13
5400	22.00	15.25
5500	22.50	15.38
5600	23.00	15.50
5700	23.50	15.30
5800	24.00	15.75
5900	24.50	15.88
6000	25.00	16.00
6100	25.50	16.13
6200	26.00	16.25
6300	26.50	16.38
6400	27.00	16.50
6500	27.50	16.63
6600	28.00	16.75
6700	28.50	16.88
6800	29.00	17.00
6900	29.50	17.13
7000	30.00	17.25
7100	30.27	17.35
7200	30.53	17.45
7300	30.80	17.55
7400	31.06	17.65
7500	31.33	17.75
7600	31.59	17.85
7700	31.86	17.95
7800	32.12	18.05
7900	32.39	18.15
8000	32.65	18.25
8100	32.92	18.35
8200	33.18	18.45
8300	33.45	18.55
8400	33.71	18.65
8500	33.98	18.75
8600	34.24	18.85
8700	34.51	18.95

Usage	Water	Sewer
8800	\$ 34.77	\$ 19.05
8900	35.04	19.15
9000	35.30	19.25
9100	35.57	19.35
9200	35.83	19.45
9300	36.10	19.55
9400	36.36	19.65
9500	36.63	19.75
9600	36.89	19.85
9700	37.16	19.95
9800	37.42	20.05
9900	37.69	20.15
10000	37.95	20.25