

CITY OF HICKORY RIDGE, ARKANSAS
WATER AND SEWER DEPARTMENT
HICKORY RIDGE ARKANSAS
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2022

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Members of the City Council
City of Hickory Ridge, Arkansas Water and Sewer Department
Hickory Ridge, Arkansas

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 Hickory Ridge, Arkansas Water and Sewer Department as of December 31, 2022 and for the year then ended. The City of Hickory Ridge, Arkansas Water and Sewer Department's management is responsible for the Department's accounting records.

City of Hickory Ridge, Arkansas Water and Sewer Department 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 City of Hickory Ridge, 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 the report and may not meet the needs of all users of the 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 all cash and certificate of deposit accounts for the City of Hickory Ridge, Arkansas Water and Sewer Department.

Cash and Investments (cont'd):

Cross County Bank

Cash - Revenue	\$ 222,718
Cash - Operation and Maintenance	8,103
Cash - Water Construction	83
Cash - Customer Deposits	21,402
Cash - Sewer Additions	15,397
Cash - Depreciation	81,066
	<u>\$ 348,769</u>

3. We agreed the proof of cash ending balance to the book balances.

We found no exceptions as a result of these procedures.

Cash Receipts:

1. We agreed the deposits per the proof of cash for the year with the deposits per the cash receipts journal.

2. We agreed 10 customer payments on the accounts receivable subledger to the deposit, and billing documents.

We found no exceptions as a result of these procedures.

Accounts Receivable:

1. We agreed 10 customer billings to the accounts receivable subledger.

We found no exceptions as a result of these procedures.

Cash Disbursements:

1. Agreed the disbursements per the proof of cash for the year with the disbursements per the journal.

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:

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

We found no exceptions as a result of the procedures.

Notes Payable:

Long-term debt was confirmed with lenders and balances are as summarized below:

	<u>12/31/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2022</u>
5% USDA Note Payable in Monthly Installments of \$543, through 2031	\$ 52,465	\$ -	\$ 3,983	\$ 48,482
1.75% Note Payable to Arkansas Natural Resource Commission, due in semi-annual Payments of \$17,953 through 2041	584,759	6,277	25,676	565,360
	<u>\$ 637,224</u>	<u>\$ 6,277</u>	<u>\$ 29,659</u>	<u>\$ 613,842</u>

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

We were engaged by City of Hickory Ridge, Arkansas Water and Sewer Department to perform the agreed-upon procedures engagement and conduct 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 specified elements, accounts or items. Accordingly, we do not express such and 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 City of Hickory Ridge, Arkansas Water and Sewer Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedure engagement.

Meyer & Ward

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

June 7, 2024

CITY OF HICKORY RIDGE, ARKANSAS
WATER AND SEWER DEPARTMENT
FINANCIAL STATEMENTS- CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022
AND
INDEPENDENT ACCOUNTANT'S REPORT

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

**CITY OF HICKORY RIDGE, ARKANSAS WATER AND SEWER
DEPARTMENT
HICKORY RIDGE, ARKANSAS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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CERTIFIED PUBLIC ACCOUNTANTS
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WYNNE, AR 72396

Members of the City Council
City of Hickory Ridge, Arkansas Water and Sewer Department
Hickory Ridge, Arkansas

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of City of Hickory Ridge, Arkansas Water and Sewer Department, which comprise the statement of assets, liabilities and net position – cash basis as of December 31, 2022 and the related statement of revenues and expenses-cash basis 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 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 ordinarily included in the financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about City of Hickory Ridge, Arkansas Water and Sewer Department's assets, liabilities and net position, and cash receipts and disbursements. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Meyer & Ward

Meyer and Ward, P.A.
Wynne, AR 72396

June 7, 2024

**CITY OF HICKORY RIDGE, ARKANSAS WATER AND SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

ASSETS

CURRENT ASSETS

Cash	\$ 230,821
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RESTRICTED ASSETS

Cash	117,948
Escrow account ADFA	6,074
	124,022

PROPERTY, PLANT & EQUIPMENT

Land	49,693
Water and Sewer Utility	2,934,451
Equipment	24,860
Accumulated Depreciation	(677,378)
Total Property, Plant & Equipment	2,331,626

TOTAL ASSETS

\$ 2,686,469

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Current Portion Bonds Payable	\$ 30,313
Due to General Fund	3,505
Total Current Liabilities	33,818

PAYABLE FROM RESTRICTED ASSETS

Meter Deposits	12,545
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LONG-TERM LIABILITIES

Bonds Payable- net of current portion	613,842
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NET POSITION

Unrestricted	2,056,577
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TOTAL LIABILITIES AND NET POSITION

\$ 2,686,469

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**CITY OF HICKORY RIDGE, ARKANSAS WATER AND SEWER DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES- CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Cash Receipts

Water Receipts	\$ 101,481	
Sewer Receipts	70,140	
Other Receipts	4,696	
Grant Revenue	111,522	
Interest	1,580	
Total Cash Receipts	<u> </u>	\$ 289,419

Cash Disbursements

Salaries	29,040	
Repairs and Maintenance	5,437	
Office and Postage	1,180	
Supplies	5,591	
License, Permits and Other Taxes	2,225	
Utilities	27,359	
Insurance	1,184	
Interest	13,157	
Professional Fees	3,950	
Miscellaneous	905	
Meeting Expenses	1,214	
Dues	2,635	
Depreciation	56,746	
Total Cash Disbursements	<u> </u>	<u>150,623</u>

EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u> </u>	<u>\$ 138,796</u>
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See independent accountant's compilation report.