

CITY OF MITCHELLVILLE WATER & SEWER DEPARTMENT
Mitchellville, Arkansas
For the Year Ended December 31, 2023

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES



Berry & Associates
CERTIFIED PUBLIC ACCOUNTANTS

American Institute of CPAs

Arkansas Society of CPAs

Texas Society of CPAs

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**Members of the City Council
City of Mitchellville Water & Sewer Department
Mitchellville, Arkansas**

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

We have performed the procedures enumerated below on the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119 of City of Mitchellville Water & Sewer Department for the year ended December 31, 2023. City of Mitchellville Water & Sewer Department's management is responsible for the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119.

City of Mitchellville Water & Sewer Department has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with Arkansas law and lender requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to 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 purposes.

The procedures and associated findings are as follows:

Cash

1. 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.

Findings: No exceptions were found as a result of applying the procedures.

Receipts

2. 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 subledger to deposit and billing documents.
- c. For ten deposits, agree the cash/check composition of the deposit with receipt information.

Findings: We found the following exceptions related to the procedures: We were unable to agree the bank deposits to the journal within 5% or \$500 for two accounts. We were unable to agree the cash/check composition of the deposits with the receipt information for three deposits. No other exceptions were found as a result of applying the procedures.

11225 Huron Lane, Suite 212 • Little Rock, AR 72211 • 501-227-9044 • Fax 501-227-8791 •

jtberry@berryassociatescpa.com

2911 Turtle Creek Blvd., Suite 300 • Dallas, TX 75219 • 972-437-2919

2088 Main Street, Suite A • Madison, MS 39110 • 601-383-0119

**Members of the City Council
City of Mitchellville Water & Sewer Department**

Accounts Receivable

3. a. Agree ten customer billings to the accounts receivable subledger.
- b. Determine that five customer adjustments were properly authorized.

Findings: We found the following exceptions related to the procedures: Customer adjustments were not properly authorized. No other exceptions were found as a result of applying the procedures.

Disbursements

4. 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 disbursements and determine if they were adequately documented.

Findings: No exceptions were found as a result of applying the procedures.

Property, Plant, & Equipment

5. a. Determine that additions and disposals were properly accounted for in the records. (Materiality level – 5% of total equipment or \$500, whichever is greater).

Findings: No exceptions were found as a result of applying the procedures.

Long-Term Debt

6. 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.

Findings: No exceptions were found as a result of applying the procedures.

General

7. a. Determine that any items of financial significance were approved and documented in the minutes of the governing body minutes.

Findings: No exceptions were found as a result of applying the procedures.

We were engaged by City of Mitchellville Water & Sewer Department to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the procedures specified by the Legislative Joint Auditing Committee, in accordance with Ark. Code Ann. 14-234-119. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

**Members of the City Council
City of Mitchellville Water & Sewer Department**

We are required to be independent of City of Mitchellville Water & Sewer Department and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the City of Mitchellville Water & Sewer Department, USDA Rural Development, Arkansas Natural Resources Commission, Arkansas Development Finance Authority, and the Legislative Joint Auditing Committee and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Berry & Associates".

Berry & Associates, P.A.
Little Rock, Arkansas
February 28, 2025

**CITY OF MITCHELLVILLE WATER & SEWER DEPARTMENT
FINANCIAL STATEMENTS
For the Year Ended December 31, 2023
and
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

CITY OF MITCHELLVILLE WATER & SEWER DEPARTMENT
Mitchellville, Arkansas
For the Year Ended December 31, 2023

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**Members of the City Council
City of Mitchellville Water & Sewer Department
Mitchellville, Arkansas**

Management is responsible for the accompanying financial statements of the City of Mitchellville Water & Sewer Department, which comprise the statement of assets, liabilities, and net position – modified cash basis as of December 31, 2023, and the related statement of cash receipts and cash disbursements for the year 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 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 modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all the disclosures ordinarily included in financial statements prepared in accordance with the modified 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 assets, liabilities, net position, cash receipts and cash disbursements. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Berry & Associates, P.A.
Little Rock, Arkansas
February 28, 2025

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**CITY OF MITCHELLVILLE WATER & SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION-MODIFIED CASH BASIS
December 31, 2023**

ASSETS

CURRENT ASSETS

Cash	\$	91,069
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RESTRICTED ASSETS

Cash and cash equivalents		67,912
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FIXED ASSETS - AT COST

Water lines		791,794
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Tanks & Wells		439,474
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Land		6,300
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Equipment		58,679
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		1,296,247
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Less: accumulated depreciation		(714,352)
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Net Fixed Assets		581,895
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TOTAL ASSETS	\$	740,876
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LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Current maturities of long-term debt	\$	20,600
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LONG-TERM DEBT, Net of Current Maturities

USDA Rural Development		62,704
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Arkansas Development Finance Authority		47,634
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Arkansas Natural Resources Commission		48,078
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		158,416
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PAYABLES FROM RESTRICTED ASSETS

Customer water meter deposits		14,618
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TOTAL LIABILITIES		193,634
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NET POSITION

Unrestricted		498,197
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Restricted		49,045
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		547,242
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TOTAL NET POSITION		547,242
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TOTAL LIABILITIES AND NET POSITION	\$	740,876
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SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**CITY OF MITCHELLVILLE WATER & SEWER DEPARTMENT
STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS
For the Year Ended December 31, 2023**

CASH RECEIPTS

Water revenue	\$ 50,233
Sewer revenue	40,115
Sanitation fees	4,395
Interest income	270
Meter deposits	740
Other income	2,686
Loan proceeds	3,000
Total Cash Receipts	<u>101,439</u>

CASH DISBURSEMENTS

Debt service	
Principal	19,972
Interest	6,486
ADFA service fees	647
Construction costs	3,000
Operating salaries	15,788
Utilities and telephone	6,153
Maintenance and repairs	2,727
Supplies	4,680
Office expense	3,588
Professional fees	3,365
Sales tax	3,604
Meter deposit refund	350
Fees and dues	3,885
Insurance	2,849
Transfers to General Fund	1,074
Miscellaneous expense	997
Total Cash Disbursements	<u>79,165</u>

INCREASE IN CASH AND RESTRICTED CASH

22,274

BEGINNING CASH AND RESTRICTED CASH, AT JANUARY 1, 2023136,707**ENDING CASH AND RESTRICTED CASH, AT DECEMBER 31, 2023**\$ 158,981

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT