

CITY OF VIOLA WATER DEPARTMENT

DECEMBER 31, 2021

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

September 29, 2022

Mayor Lowell Estes, Jr.
City of Viola Water Department
Highway 223 South
Viola, Arkansas 72583

I have performed the procedures listed below with respect to the financial information and state law compliance which were agreed to by the management of the City of Viola Water Department for the year end December 31, 2021. Management is responsible for maintaining the financial records and complying with the state law. This report is prepared in accordance with Rule 14-234-119 of the Arkansas Natural Resource Commission's rules and regulations. This 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 specified users of the report. 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 associated findings for the City of Viola Water Department are as follows:

Compiled Financial Information

Cash:

Procedure:

Perform a proof of cash for the year and reconcile year-end bank balances to book balances within 5% or \$500, whichever is greater. Also, inspect bank reconciliations.

Finding:

Proof of cash ending balances agreed to book balances within test parameters. All bank reconciliations were timely and adequately performed and documented.

Receipts:

Procedure:

Reconcile the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.

Finding:

Deposits per proof of cash agreed with receipts journal within test parameters.

Procedure:

Trace 10 customer payments on the accounts receivable sub ledger to deposit and billing documents.

Finding:

No exceptions were found in tracing customer payments from account receivable to deposit and billing records.

Accounts Receivable:

Procedure:

Agree 10 customer billings to the accounts receivable sub ledger, and determine that 5 customer adjustments were properly authorized.

Finding:

All billings were posted correctly to accounts receivable. All adjustments tested were properly authorized and documented.

Disbursements:

Procedure:

Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.

Procedure:

Select 10 disbursements and determine if they were adequately documented.

Finding:

Disbursements tested were adequately documented and authorized.

Property, Plant and Equipment:

Procedure:

Analyze all property, plant and equipment disbursements. Determine that additions and disposals were properly accounted for in the records.

Long-Term Debt:

Procedure:

Analyze long-term debt and verify changes in all balances for the year. Inspect loan balance documentation on hand including outside party amortization schedules and year end reports.

Finding:

Long-term principal and interest payments were made timely and recorded and accounted for properly. Water department records reflect account balances that agree with lender records and schedules.

See page 4 for debt summary.

Conclusion:

This report is intended solely for the information and use of the City of Viola and is not intended to be and should not be used by anyone other than its specified party.

Sincerely,



Brian L. Haas
Certified Public Accountant

CITY OF VIOLA WATER DEPARTMENT

Highway 223 South
Viola, Arkansas 72583
(870) 458-2704

BALANCE SHEET & INCOME STATEMENT

DECEMBER 31, 2021

BRIAN L. HAAS, CPA
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CITY OF VIOLA WATER DEPARTMENT

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

City of Viola Water Department
Highway 223 South
Viola, Arkansas 72583

I have compiled the accompanying balance sheet of City of Viola Water Department as of December 31, 2021. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principals and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.



Brian L. Haas
Certified Public Accountant

September 29, 2022

CITY OF VIOLA WATER DEPARTMENT

BALANCE SHEET

December 31, 2021

ASSETS

CURRENT ASSETS:	
Cash in Bank	\$ 47,760
Accounts Receivable	<u>9,607</u>
Total Current Assets	<u>57,367</u>
FIXED ASSETS:	
Water System	291,849
Accumulated Depreciation	<u>(124,887)</u>
Total Fixed Assets	<u>166,962</u>
OTHER ASSETS:	
Viola Bond Account	8,676
Viola Meter Deposits	6,000
Viola Water Dept Fund	<u>8,000</u>
Total Other Assets	22,676
Total Assets	<u>\$ 247,005</u>

LIABILITIES

CURRENT LIABILITIES:	
Meter Deposit Fund	\$ 6,447
Sales Tax	-
Current Maturities of Long-Term Debt	<u>8,757</u>
Total Current Liabilities	<u>15,204</u>
LONG TERM LIABILITIES:	
ANRC Loan #01036-WDF-L	79,876
USDA / Water #4	87,218
Less Current Maturities of Long-Term Debt	<u>(8,757)</u>
Total Long Term Liabilities	<u>158,337</u>
Total Liabilities	<u>173,541</u>
EQUITY:	
Retained Earnings	<u>73,464</u>
Total Equity	73,464
Total Liabilities & Equity	<u>\$ 247,005</u>

See accompanying independent accountant's compilation report.

CITY OF VIOLA WATER DEPARTMENT

INCOME STATEMENT

December 31, 2021

OPERATING REVENUES:

Gross Sales	\$ 70,268
Late Fees	2,125
Sales Tax	11,206
Sanitation Fees	25,634
Capital Credits	218
Miscellaneous Income	2,087

Total Operating Revenues 111,538

OPERATING EXPENSES:

Credit Card Charges	\$ 449
Depreciation Expense	10,587
Payroll Taxes	5,168
Office Supplies	730
Sanitation Fees	25,084
Payroll Expenses	22,647
Postage	1,463
Professional Fees	1,748
Repairs & Maintenance	15,951
APERS Expense	9,408
Sales Tax	9,952
Licenses	155
Training Expense	330
Utilities-Electric	6,078
Water Testing	874
Tower Inspection	1,500
Miscellaneous	331
Refunds	2,200

Total Operating Expenses 114,655

Net Operating Profit (3,118)

OTHER (INCOME) & EXPENSES:

Transfers	425
Transfers	(16,245)
Reimbursements	(4,402)
Interest Income	(222)
Interest Expense	7,319

Total Other (Income) & Expenses (13,125)

Net Profit (Loss) for Year \$ 10,007

See accompanying independent accountant's compilation report.

CITY OF VIOLA WATER DEPARTMENT
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

- 1 Cash basis financial information includes demand and savings accounts and certificates of deposits.
- 2 Long-Term Debt Outstanding at December 31, 2020 is as shown:

USDA Loan 9104	87,218
Arkansas Natural Resource 01036	<u>79,876</u>
	<u><u>167,094</u></u>