

CITY OF WHEATLEY WATER AND SEWER DEPARTMENT
WHEATLEY, 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 Wheatley Water and Sewer Department
Wheatley, Arkansas 72392

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

City of Wheatley, 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 the City of Wheatley, 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 the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purpose.

The procedures and the 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 Wheatley Water and Sewer Department:

First National Bank of Eastern Arkansas	
Cash - Operating and Maintenance	\$ 78,346
Cash - Meter Deposits	41,559
Cash - Depreciation	2,096
Cash - Depreciation Reserve 87	13,797
Certificate of Deposit - Water 78	8,590
	<u>\$ 144,388</u>

Cash and Investments – cont'd

3. We 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 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 billings were properly posted and 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.

Long-Term Debt

1. We scheduled long-term debt and verified changes in the balances for the year.
2. We confirmed the loan payables with the lenders.
3. We reviewed debt service accounts to determine if appropriate reserves have been established and maintained.

Terms of the loan agreements require that transfers be made to debt service reserve accounts, and depreciation reserve accounts. We noted that the appropriate reserve accounts have been established and maintained.

A summary of long-term debt activity is as follows:

	<u>12/31/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2022</u>
5% ANCR Notes Payable in annual installments of \$4,132 through 2031	\$ 31,916		\$ 2,536	\$ 29,380
US Bank, \$13,589 in annual installments at 2.36% through 2027	75,201		11,814	63,387
Bank of Brinkley, \$15,759 in annual installments at 4% through 2027	-	\$ 70,150		70,150
	<u>\$ 107,117</u>	<u>\$ 70,150</u>	<u>\$ 14,350</u>	<u>\$ 162,917</u>

We were engaged by the City of Wheatley Water and Sewer Department 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 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 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 Wheatley Water and Sewer Department and to meet our 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
May 8, 2023

CITY OF WHEATLEY WATER AND SEWER DEPARTMENT
FINANCIAL STATEMENTS – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022
AND
INDEPENDENT ACCOUNTANT’S COMPILATION REPORT

MEYER AND WARD, P.A.
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**CITY OF WHEATLEY WATER AND SEWER DEPARTMENT
WHEATLEY, ARKANSAS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Members of the City Council
City of Wheatley Water and Sewer Department
Wheatley, Arkansas 72392

Management is responsible for the accompanying financial statements of Wheatley 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 cash receipts and disbursements- 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 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.

The supplementary information contained in pages 5 - 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Meyer & Ward

Meyer and Ward, CPAS
Wynne, AR 72396
May 8, 2023

**CITY OF WHEATLEY WATER AND SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - CASH BASIS
DECEMBER 31, 2022**

ASSETS

CURRENT ASSETS

Cash - Water	\$ 78,346
Total Current Assets	78,346

RESTRICTED ASSETS

Cash - Depreciation Reserve 87	13,797
Cash - Depreciation	2,096
Cash - Customer Deposit	41,559
CD - Water 87	8,590
Total Restricted Assets	66,042

PROPERTY, PLANT, AND EQUIPMENT

Water and sewer system	1,124,436
Equipment	685,876
Land	5,082
	1,815,394
Less Accumulated Depreciation	(1,179,463)
Net Fixed Assets	635,931

TOTAL ASSETS	\$ 780,319
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SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**CITY OF WHEATLEY WATER AND SEWER DEPARTMENT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Cash Receipts	
Service Fees	\$ 193,929
Meter Deposits	5,300
Miscellaneous Receipts	2,610
Loan Proceeds	70,000
Interest	190
Total Cash Receipts	<u>272,029</u>
Cash Disbursement	
Salaries and Labor	43,879
Water Purchased	65,180
Deposit Refunds	2,858
Utilities	13,883
Operating Maintenance and Supplies	30,665
Insurance	1,399
Computer Support	3,619
Dues, Fees, and License	3,170
Pond Analysis	910
Fuel	6,128
Postage and Billing	1,141
Professional Fees	4,200
Note Payments	17,721
Equipment Purchases	83,417
Miscellaneous	8,474
Total Cash Disbursements	<u>286,644</u>
Increase (Decrease) in Cash and Restricted Cash	(14,615)
Cash and Restricted Cash - beginning of year	<u>159,003</u>
Cash and Restricted Cash - end of year	<u>\$ 144,388</u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

SUPPLEMENTARY INFORMATION

**CITY OF WHEATLEY WATER AND SEWER DEPARTMENT
 COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND NET POSITION
 - CASH BASIS
 DECEMBER 31 2022**

ASSETS

	<u>Total</u>	<u>Water</u>	<u>Sewer</u>
CURRENT ASSETS			
Cash - Water	\$ 78,346	\$ 39,173	\$ 39,173
Total Current Assets	<u>78,346</u>	<u>39,173</u>	<u>39,173</u>
RESTRICTED ASSETS			
Cash - Depreciation Reserve 87	13,797	13,797	
Cash - Depreciation	2,096		2,096
Cash - Customer Deposit	41,559	20,780	20,779
CD - Water 87	8,590	8,590	
Total Restricted Assets	<u>66,042</u>	<u>43,167</u>	<u>22,875</u>
PROPERTY, PLANT, AND EQUIPMENT			
Water and sewer system	1,810,312	763,316	1,046,996
Land	5,082	2,541	2,541
	<u>1,815,394</u>	<u>765,857</u>	<u>1,049,537</u>
Less Accumulated Depreciation	<u>(1,179,463)</u>	<u>(639,261)</u>	<u>(540,202)</u>
Net Fixed Assets	<u>635,931</u>	<u>126,596</u>	<u>509,335</u>
TOTAL ASSETS	<u>\$ 780,319</u>	<u>\$ 208,936</u>	<u>\$ 571,383</u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**CITY OF WHEATLEY WATER AND SEWER DEPARTMENT
 COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND NET POSITION
 - CASH BASIS
 DECEMBER 31 2022**

LIABILITIES AND NET POSITION

	<u>Total</u>	<u>Water</u>	<u>Sewer</u>
CURRENT LIABILITIES			
Current Portion of notes payable	\$ 27,709	\$ 8,709	\$ 19,000
Total Current Liabilities	<u>27,709</u>	<u>8,709</u>	<u>19,000</u>
PAYABLE FROM RESTRICTED ASSETS			
Meter Deposits	<u>28,947</u>	<u>14,474</u>	<u>14,473</u>
LONG TERM LIABILITIES			
Notes payable, net of current portion	<u>135,208</u>	<u>52,364</u>	<u>82,844</u>
TOTAL LIABILITIES	<u>191,864</u>	<u>75,547</u>	<u>116,317</u>
NET POSITION			
Net investment in capital assets	473,014	73,492	399,522
Restricted for debt service	8,590	8,590	
Unrestricted	<u>106,851</u>	<u>51,307</u>	<u>55,544</u>
Total Net Position	<u>588,455</u>	<u>133,389</u>	<u>455,066</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 780,319</u>	<u>\$ 208,936</u>	<u>\$ 571,383</u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**CITY OF WHEATLEY WATER AND SEWER DEPARTMENT
COMBING SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Total</u>	<u>Water</u>	<u>Sewer</u>
Cash Receipts			
Service Fees	\$ 193,929	\$ 129,932	\$ 63,997
Meter Deposits	5,300	3,551	1,749
Miscellaneous Receipts	2,610	1,749	861
Loan Proceeds	70,000	35,000	35,000
Interest	190	95	95
Total Cash Receipts	<u>272,029</u>	<u>\$ 170,327</u>	<u>\$ 101,702</u>
Cash Disbursement			
Salaries and Labor	43,879	29,399	14,480
Water Purchased	65,180	65,180	-
Deposit Refunds	2,858	1,429	1,429
Utilities	13,883	9,302	4,581
Operating Maintenance and Supplies	30,665	20,546	10,119
Insurance	1,399	937	462
Computer Support	3,619	2,425	1,194
Dues, Fees, and License	3,170	2,124	1,046
Pond Analysis	910	-	910
Fuel	6,128	4,106	2,022
Postage and Billing	1,141	764	377
Professional Fees	4,200	2,814	1,386
Note Payments	17,721	10,926	6,795
Equipment Purchases	83,417	-	83,417
Transfers to (from)		2,360	(2,360)
Miscellaneous	8,474	5,678	2,796
Total Cash Disbursements	<u>286,644</u>	<u>157,990</u>	<u>128,654</u>
Increase (Decrease) in Cash and Restricted Cash	(14,615)	12,337	(26,952)
Cash and Restricted Cash - beginning of year	159,003	70,003	89,000
Cash and Restricted Cash - end of year	<u>\$ 144,388</u>	<u>\$ 82,340</u>	<u>\$ 62,048</u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT