

HORSESHOE LAKE UTILITIES
HORSESHOE LAKE, ARKANSAS
FOR THE YEAR ENDED DECEMBER 31, 2021

INDEPENDENT ACCOUNTANT'S REPORT ON
AGREED-UPON PROCEDURES

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Members of the City Council
Horseshoe Lake
Horseshoe Lake, Arkansas

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
PROCEDURES

We have performed the procedures enumerated below, which were agreed to by the members of the City Council, solely to assist you with respect to the accounting records of the City of Horseshoe Lake, AR for the year ended December 31, 2021. This engagement to apply agreed upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the City of Horseshoe Lake. Consequently, we 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 the associated findings are as follows:

Cash

1. We performed a proof of cash for the year end and reconciled the year end bank balances to the book balances.
2. We confirmed the cash on deposit with depository institutions.
3. We agreed the proof of cash ending balance to the book balance.

Fidelity	
Cash - Operating	\$ 3,551
Depreciation	591
Water Reserve	11,667
	<u>\$ 15,809</u>

Regions Bank	
Cash - Debt Service	\$ 14,859
Cash - Bond Fund	2,923
	<u>\$ 17,782</u>

We found no exceptions as a result of the procedures.

Receipts

1. We agreed the deposits per the proof of cash for the year with the deposits per the cash receipts journal. Also, we agreed 10 customer payments on the accounts receivable subledger to the deposit and billing documents.

We found no exceptions as a result of the procedures.

Accounts Receivable

2. We agreed 10 customer billings to the accounts receivable subledger. We also reviewed the customer adjustment process to determine if adjustments were properly authorized.

We found no exceptions as a result of the procedures. We did note that independent review and approval of customer adjustments was not documented.

Disbursements

3. We agreed the disbursements per the proof of cash for the year with the disbursements per the general ledger. We analyzed all property, plant and equipment disbursements. We also tested a sample of 10 disbursements in order to determine if the disbursements were adequately documented.

We found no exceptions as a result of the procedures.

Property, Plant, and Equipment

4. 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

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

4.5% note payable in semi annual installments of \$ 7,349, secured by mortgage lien and pledge of future revenues	\$	60,789
5% note payable in annual installments of \$ 3,685, secured by properties and equipment in project		44,537
	\$	<u>105,326</u>

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

This engagement to apply agreed upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the specified procedures. 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.

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

Meyer & Ward

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

May 13, 2024

CITY OF HORSESHOE LAKE UTILITIES
FINANCIAL STATEMENTS – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
AND
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

MEYER AND WARD, P.A.
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**CITY OF HORSESHOE LAKE UTILITIES
HORSESHOE LAKE, ARKANSAS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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Members of the City Council
Horseshoe Lake
Horseshoe Lake, Arkansas

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of the City of Horseshoe Lake Water Utilities, which comprise the statement of assets, liabilities and net position – cash basis as of December 31, 2021 and the related statement of 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.

Meyer & Ward

Meyer and Ward, CPAS
Wynne, AR 72396
May 13, 2024

CITY OF HORSESHOE LAKE UTILITIES
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - CASH BASIS
DECEMBER 31, 2021

ASSETS

Current Assets	
Cash - Utilities	\$ 3,551
Total Current Assets	<u>3,551</u>
Restricted Assets	
Cash - Water Reserve	11,667
Cash - Depreciation	591
Cash - Debt Service Reserve	14,859
Cash - Bond Fund	<u>2,923</u>
Total Restricted Assets	<u>30,040</u>
Property, Plant, and Equipment	
Water and Sewer System	1,773,306
Less: Accumulated Depreciation	<u>(847,803)</u>
Net Property, Plant, and Equipment	<u>925,503</u>
Total Assets	<u>\$ 959,094</u>

LIABILITIES AND NET POSITION

Current Liabilities	
Current maturities of long-term debt	\$ 13,555
Due to City	<u>54,727</u>
Total Current Liabilities	<u>68,282</u>
Long-Term Debt, net of current maturities	<u>91,771</u>
Payables from restricted assets	
Customer meter deposits	<u>3,109</u>
Total Liabilities	<u>163,162</u>
Net Position	
Unrestricted	(53,694)
Net Invested in capital assets	820,177
Restricted for debt service	<u>29,449</u>
Net Position	<u>795,932</u>
Total Liabilities and Net Position	<u>\$ 959,094</u>

See independent accountant's compilation report.

CITY OF HORSESHOE LAKE UTILITIES
STATEMENT OF RECEIPTS AND DISBURSEMENTS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Operating Revenue			
Water Fees		\$	53,501
Sewer Fees			40,255
Reconnects			3,590
Late Fees			2,430
Other			8,132
Total Cash Receipts		\$	<u>107,908</u>
Meter Deposit Refunds			
Operating Expenses			
Salaries	\$	18,956	
Contract Services		33,279	
Depreciation		44,856	
Utilities		13,345	
Office supplies and postage		1,456	
Operating maintenance and Supplies		12,290	
License and Fees		4,112	
Trust Fees		1,301	
Miscellaneous		<u>1,065</u>	
Total			<u>130,660</u>
Operating Income (Loss)			(22,752)
Non-Operating Revenues (Expenses)			
Interest Expense		(5,424)	
Interest Income		<u>15</u>	
Non-Operating Income (Loss)			(5,409)
Excess (Deficiency) of Revenue over Expenses		\$	<u><u>(28,161)</u></u>

See independent accountant's compilation report.