

HORSESHOE LAKE UTILITIES  
HORSESHOE LAKE, ARKANSAS  
FOR THE YEAR ENDED DECEMBER 31, 2023

INDEPENDENT ACCOUNTANT'S REPORT ON  
AGREED-UPON PROCEDURES

MEYER AND WARD, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
P.O. BOX 1045  
WYNNE, AR 72396

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

To the Mayor and Members of the City Council  
Horseshoe Lake Utilities  
Horseshoe Lake, Arkansas 72348

We have performed the procedures enumerated below on compliance with Ark. Code Ann. 14-234-119 to 122 of Horseshoe Lake Utilities as of December 31, 2023, and for the year then ended. The City of Horseshoe Lake's management is responsible for the Utilities accounting records.

The management of Horseshoe Lake Utilities 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 Horseshoe Lake Utilities have agreed to and acknowledge 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 of 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

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.

Cash – cont'd

Fidelity Bank	
Cash - Operating	\$ 17,056
Cash - Depreciation	635
Cash - Water Reserve	8,081
	<u>\$ 25,772</u>
Regions Bank	
Cash - Debt Service Reserve	\$ 14,859
Cash - Bond Fund	2,736
	<u>\$ 17,595</u>

We found no exceptions as a result of the procedures.

Receipts

4. 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

5. 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

6. 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

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

Property, Plant, and Equipment – cont'd

We found no exceptions as a result of the procedures.

Long- Term Debt

8. Long-term debt was confirmed with lenders, the balances are summarized below:

4.5% ARSW Note Payable in Semiannual Installments of \$ 7,349, Secured by Mortgage Lien and Pledge of Future Revenues	\$ 36,044
5% ANRC Note Payable in Annual Installments of \$ 3,685, Secured by Properties and Equipment in the Project	<u>41,548</u>
	<u>\$ 77,592</u>

Terms of the loan agreements require that transfers be made to a debt service reserve account and a depreciation reserve account. 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.

We are required to be independent of Horseshoe Lake Utilities and to meet other ethical responsibilities related to our agreed upon procedure engagement.

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 72396

November 20, 2024

HORSESHOE LAKE UTILITIES  
FINANCIAL STATEMENTS – CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
AND  
INDEPENDENT ACCOUNTANT’S COMPILATION REPORT

MEYER AND WARD, P.A.  
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HORSESHOE LAKE UTILITIES  
HORSESHOE LAKE, ARKANSAS  
FOR THE YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Mayor and Members of the City Council  
Horseshoe Lake Utilities  
Horseshoe Lake, Arkansas 72348

Management is responsible for the accompanying financial statements of the Horseshoe Lake Utilities, which comprise the statement of assets, liabilities and net position – cash basis as of December 31, 2023 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 Utilities' assets, liabilities, net position, receipts, and disbursements. Accordingly, the financial statements are not designed for those who are not informed about such matters.

*Meyer & Ward*

Meyer & Ward, P.A.  
Certified Public Accountants  
Wynne, AR 72396

November 20, 2024

See Independent Accountant's Compilation Report.

HORSESHOE LAKE UTILITIES  
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - CASH BASIS  
DECEMBER 31, 2023

ASSETS

Current Assets	
Cash - Operating	\$ 17,056
Total Current Assets	17,056
Restricted Assets	
Cash - Water Reserve	8,081
Cash - Depreciation	635
Cash - Debt Service Reserve	14,859
Cash - Bond Fund	2,736
Total Restricted Assets	26,311
Property, Plant, and Equipment	
Water and Sewer System	1,773,306
Less: Accumulated Depreciation	(937,507)
Net Property, Plant, and Equipment	835,799
Total Assets	\$ 879,166

LIABILITIES AND NET POSITION

Current Liabilities	
Current Maturities of Long-Term Debt	\$ 14,831
Due to City	60,133
Total Current Liabilities	74,964
Long-Term Debt, Net of Current Maturities	62,761
Payables from Restricted Assets	
Customer Meter Deposits	-
Total Liabilities	137,725
Net Position	
Unrestricted	(42,442)
Net Invested in Capital Assets	758,207
Restricted for Debt Service	25,676
Net Position	741,441
Total Liabilities and Net Position	\$ 879,166

See Independent Accountant's Compilation Report.

HORSESHOE LAKE UTILITIES  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS - CASH BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2023

Operating Revenue	
Water Fees	\$ 53,345
Sewer Fees	48,986
Late Fees	2,804
Miscellaneous	9,194
Total Receipts	<u>\$ 114,329</u>
Operating Expenses	
Salaries & Fringe	\$ 17,773
Contract Services	35,687
Depreciation	44,852
Utilities	12,981
Office Supplies and Postage	2,931
Operating Maintenance and Supplies	15,831
Professional Fees	2,290
License and Fees	2,524
Trustee Fees	1,008
Total Disbursements	<u>135,877</u>
Operating Income (Loss)	<u>(21,548)</u>
Non-Operating Revenues (Expenses)	
Interest Expense	(4,204)
Interest Income	878
Non-Operating Income (Loss)	<u>(3,326)</u>
Excess (Deficiency) of Revenue over Expenses	<u><u>\$ (24,874)</u></u>

See Independent Accountant's Compilation Report.