

CITY OF SALESVILLE SEWER FUND

DECEMBER 31, 2021

BRIAN L. HAAS, CPA

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

August 23, 2023

Mayor Tim Mayfield
City of Salesville Sewer Fund
46 Gillispie St.
Salesville, AR 72653

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 Salesville Sewer Fund 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 506.1.B 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 Salesville Sewer Fund 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:

Tested billings agreed with accounts receivable ledgers. I tested 5 adjustments. Proper authorization procedure is in place with final approval for any adjustment over \$20 done by mayor. Good documentation was present for adjustments.

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.

Finding:

No new property and equipment purchases or disposals were made for 2021.

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. Sewer department records reflect account balances that agree with lender records and schedules.

Conclusion:

This report is intended solely for the information and use of the City of Salesville 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 SALESVILLE SEWER FUND
 OTHER INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (UNAUDITED)

- 1 Cash basis financial information includes demand and savings accounts and certificates of deposits. The following accounts comprise cash in bank as of December 31, 2021:

Revenue	20,146
Operating and Maintenance	2,247
Debt Reserve	37,303
Meter Deposit	7,005
Sewer Revenue Bond Fund	<u>104,005</u>
	<u><u>170,706</u></u>

- 2 Long-Term Debt Outstanding at December 31, 2021 is as shown:

USDA 03003*****748792 01	<u>742,861</u>
	<u><u>742,861</u></u>

Current maturities over the next five (5) years are as follows:

	Principal	Interest
2022	18,515	17,437
2023	18,959	16,993
2024	19,414	16,538
2025	19,880	16,071
2026	20,346	15,605
Thereafter	<u>665,883</u>	<u>212,289</u>
	762,997	294,933

CITY OF SALESVILLE SEWER FUND

46 Gillispie St.
Salesville, AR 72653
(870) 458-2704

STATEMENT OF FINANCIAL POSITION &
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

DECEMBER 31, 2021

BRIAN L. HAAS, CPA
CERTIFIED PUBLIC ACCOUNTANT

1616 HIGHWAY 62 W.
MOUNTAIN HOME, AR 72653
(870) 424-2181

CITY OF SALESVILLE SEWER FUND

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

City of Salesville Sewer Fund

46 Gillispie St.

Salesville, AR 72653

I have compiled the accompanying financial statements of City of Salesville Sewer Fund as of December 31, 2021. I have not audited or reviewed the accompanying financial statement 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

August 23, 2023

CITY OF SALESVILLE SEWER FUND
STATEMENT OF FINANCIAL POSITION
December 31, 2021

ASSETS

CURRENT ASSETS:

Cash in Bank (see Other Information)	\$ 170,706
Accounts Receivable	-
	-
Total Current Assets	170,706

FIXED ASSETS:

Sewer System	4,335,900
Accumulated Depreciation	(1,246,577)
	(1,246,577)
Total Fixed Assets	3,089,323

Total Assets	\$ 3,260,029
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LIABILITIES

CURRENT LIABILITIES:

Meter Deposit Payable	\$ 2,709
Current Maturities of Long-Term Debt	(18,515)
	(18,515)
Total Current Liabilities	21,224

LONG TERM LIABILITIES:

USDA 03003*****748792 01	742,861
Less Current Maturities of Long-Term Debt	(18,515)
	(18,515)
Total Long Term Liabilities	724,346

Total Liabilities	745,570
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EQUITY:

Contributed Capital	3,438,900
Retained Earnings	(924,441)
	(924,441)

Total Equity	2,514,459
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Total Liabilities & Equity	\$ 3,260,029
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CITY OF SALESVILLE SEWER FUND

REVENUE, EXPENSES AND CHANGES IN NET ASSETS

December 31, 2021

OPERATING REVENUES:

Gross Sales	\$ 108,049
Grinder Fees	-
Other Sundry	2,800
Miscellaneous Income	<u>150</u>

Total Operating Revenues	110,999
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OPERATING EXPENSES:

Audit Expense	\$ -
Backhoe/Grade/Haul	920
Building Maint.	
Chemicals/Chlorine	2,884
Consult/Eng/Survey	-
Contracts/Agreements	910
Depreciation Expense	108,398
Equip. Rental/Lease	-
Equip. Repair/Maint.	854
Equip. Maint. Supplies	389
Finalized Accounts	422
Fuel/Oil	463
Gravel/Dirt/Sand	-
Insurance-Comprehensive	4,506
Insurance-Worker's Comp	-
Interest Expense	17,437
Legal Notice/Publishing	500
Membership Dues/Fees	1,843
Misc. Supplies	258
NSF Checks	295
Office Supplies/Equip	179
One Call	292
Other Sundry Expense	447
Pipe/Fittings	232
Postage	213
Pumps/Valves/Floats	4,907
Refunds	-
Sanitation	-
Septic Pumping	10,535
Personal Protective Equipment	365
Tools & Equipment	1,882
Travel Exp/Mileage	-
Uniforms	828
Utilities-Electric	5,731
Utilities-Water	274
Wastewater Testing Fee	<u>3,904</u>

Total Operating Expenses	169,868
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Net Operating Profit (Loss)	(58,869)
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See accompanying independent accountant's compilation report.

CITY OF SALESVILLE SEWER FUND

REVENUE, EXPENSES AND CHANGES IN NET ASSETS

December 31, 2020

OTHER (INCOME) & EXPENSES:

Sewer Deposits	2,050
Transfers from Sewer Fund	39,000
Transfers to Sewer O & M	-
Interest Income	<u>(7)</u>

Total Other (Income) & Expenses 41,043

Change in Net Assets \$ (99,912)

CITY OF SALESVILLE SEWER FUND
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 FOR THE YEAR ENDED DECEMBER 31, 2021
 (UNAUDITED)

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