

CITY OF SALESVILLE SEWER FUND

DECEMBER 31, 2022

BRIAN L. HAAS, CPA

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

December 5, 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, 2022. 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,

A handwritten signature in dark ink, appearing to read "Brian L. Haas", is written over a light blue horizontal line.

Brian L. Haas
Certified Public Accountant

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, 2022

BRIAN L. HAAS, CPA
CERTIFIED PUBLIC ACCOUNTANT

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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, 2022. 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

December 20, 2023

CITY OF SALESVILLE SEWER FUND
STATEMENT OF FINANCIAL POSITION

December 31, 2022

ASSETS

CURRENT ASSETS:

Cash in Bank (see Other Information)	\$ 201,143
Accounts Receivable	<u>-</u>
Total Current Assets	<u>201,143</u>

FIXED ASSETS:

Sewer System	4,335,900
Accumulated Depreciation	<u>(1,354,975)</u>
Total Fixed Assets	<u>2,980,925</u>

Total Assets	<u><u>\$ 3,182,068</u></u>
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LIABILITIES

CURRENT LIABILITIES:

Meter Deposit Payable	\$ 10,420
Current Maturities of Long-Term Debt	<u>18,959</u>
Total Current Liabilities	<u>29,379</u>

LONG TERM LIABILITIES:

USDA 03003*****748792 01	724,346
Less Current Maturities of Long-Term Debt	<u>(18,959)</u>
Total Long Term Liabilities	<u>705,387</u>
Total Liabilities	<u>734,766</u>

EQUITY:

Contributed Capital	3,438,900
Retained Earnings	<u>(991,598)</u>
Total Equity	2,447,302
Total Liabilities & Equity	<u><u>\$ 3,182,068</u></u>

CITY OF SALESVILLE SEWER FUND

REVENUE, EXPENSES AND CHANGES IN NET ASSETS

December 31, 2022

OPERATING REVENUES:

Sewer Revenue	\$ 111,570
Interest	85
Refunds	395
Sewer Deposits	-
Transfer from Sewer Fund	<u>0</u>
Total Operating Revenues	112,050

OPERATING EXPENSES:

Backhoe/Grade/Haul	480
Chemicals/Chlorine	3,740
Depreciation Expense	108,398
Equip. Repair/Maint.	2,468
Equip. Maint. Supplies	477
Fuel/Oil	2,140
Interest Exp.	17,439
Membership Dues/Fees	1,292
Misc. Supplies	512
NSF Checks	319
NSF Fees	176
Office Supplies/Equip	1,855
One Call	24
Other Sundry Expense	237
Pipe/Fittings	526
Postage	964
Pumps/Valves/Floats	15,198
Refunds	757
Septic Pumping	14,280
Sewer Billing Fee	669
Tires/Tubes	52
Tools & Equipment	32
Transfer to Lawn Mower Savings	2,400
Uniforms	159
Utilities-Electric	6,277
Utilities-Water	75
Wastewater Testing Fee	<u>2,668</u>

Total Operating Expenses	183,612
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Net Operating Profit (Loss)	(71,562)
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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, 2022

OTHER (INCOME) & EXPENSES:

Sewer Deposits	4,521
Transfers from Sewer Fund	65,321
Transfers to Sewer O & M	<u>(64,750)</u>

Total Other (Income) & Expenses	5,092
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Change in Net Assets	<u>\$ (66,470)</u>
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See accompanying independent accountant's compilation report.

CITY OF SALESVILLE SEWER FUND
OTHER INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(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, 2020:

Revenue	18,803
Operating and Maintenance	376
Debt Reserve	41,227
Meter Deposit	11,446
Sewer Revenue Bond Fund	122,221
Lawn Mower Savings	<u>7,070</u>
	<u>201,143</u>

- 2 Long-Term Debt Outstanding at December 31, 2020 is as shown:

USDA 03003*****748792 01	<u>724,346</u>
	<u>724,346</u>

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

	Principal	Interest
2023	18,959	16,993
2024	19,414	16,538
2025	19,880	16,071
2026	20,346	15,605
2027	20,816	15,135
Thereafter	<u>624,931</u>	<u>194,382</u>
	724,346	274,724