

BUCKNER WATER WORKS

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BUCKNER, ARKANSAS

DECEMBER 31, 2019

BUCKNER WATER WORKS
BUCKNER, ARKANSAS

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TURNER, RODGERS, MANNING & PLYLER, PLLC
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and City Council
Buckner, Arkansas

We have performed the procedures enumerated below on the accounting records of Buckner Water Works as of and for the year ended December 31, 2019. Buckner Water Works' management is responsible for the accounting records.

Buckner Water Works has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of satisfying annual reporting requirements of the Arkansas Division of Legislative Audit. Additionally, the Arkansas Legislative Joint Auditing Committee has agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. Cash and Investments

- a. Perform a proof of cash for the year and reconcile year-end bank balances to book balances.
- b. Confirm with depository institutions the cash on deposit and investments.
- c. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

We found no exceptions as a result of the procedures.

2. Receipts

- a. Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.
- b. Agree ten customer payments on the accounts receivable sub ledger to deposit and billing documents.
- c. For one deposit, agree the cash/check composition of the deposit with receipt information.

We found no exceptions as a result of the procedures.

3. Accounts Receivable

- a. Agree ten customer billings to the accounts receivable sub ledger.
- b. Determine that five customer adjustments were properly authorized.

We found no exceptions as a result of the procedures.

4. Disbursements

- a. Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$500, whichever is greater.
- b. Analyze all property, plant and equipment disbursements.
- c. Select all disbursements paid to employees other than payroll and ten other disbursements and determine if they were adequately documented.

We found no exceptions as a result of the procedures.

5. Property, Plant, and Equipment

- a. Determine that additions and disposals were properly accounted for in the records. (Materiality level – 5% of total equipment or \$500, whichever is greater.)

We found no exceptions as a result of the procedure.

6. Long-Term Debt

- a. Schedule long-term debt and verify changes in all balances for the year.
- b. Confirm loans, bonds, notes, and contracts payable with lender/trustee/contractor.
- c. Determine that the appropriate debt service accounts have been established and maintained.

We found no exceptions as a result of the procedures.

7. General

- a. Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

We found no exceptions as a result of the procedure.

We were engaged by Buckner Water Works 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 accounting records of Buckner Water Works. Accordingly, we do not express such an opinion or conclusion. 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 Buckner Water Works and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Buckner Water Works and the Arkansas Legislative Joint Auditing Committee, and is not intended to be and should not be used by anyone other than those specified parties.

Turner, Rodgers, Manning & Plyler, PLLC

Arkadelphia, Arkansas
December 18, 2020

TURNER, RODGERS, MANNING & PLYLER, PLLC
Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Buckner Water Works
Buckner, AR

Management is responsible for the accompanying financial statements of Buckner Water Works, which comprise the statement of assets, liabilities, and fund equity – cash basis as of December 31, 2019 and 2018, and the related statement of cash receipts and cash disbursements for the years then ended, 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 statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. 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 elected to omit substantially all of the disclosures ordinarily included in the financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about Buckner Water Works' cash position, and results of operations – cash basis. Accordingly, these financial statements are not for those who are not informed about such matters.

Management has omitted the management's discussion and analysis and budgetary comparison schedule that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a required 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.

Turner, Rodgers, Manning & Plyler, PLLC
Arkadelphia, Arkansas
December 18, 2020

BUCKNER WATER WORKS
STATEMENTS OF ASSETS, LIABILITIES
AND FUND EQUITY - CASH BASIS
DECEMBER 31, 2019 AND 2018

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ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 2,448	\$ 1,969
Certificates of Deposit	15,167	17,084
TOTAL CURRENT ASSETS	<u>17,615</u>	<u>19,053</u>
RESTRICTED ASSETS:		
Cash - Meter Deposit Fund	8,761	8,977
Cash - Depreciation Fund	4,196	9,425
Certificate of Deposit - Meter Deposit Fund	1,724	1,722
Certificate of Deposit - Debt Service Reserve Fund	13,991	13,774
TOTAL RESTRICTED ASSETS	<u>28,672</u>	<u>33,898</u>
TOTAL ASSETS	<u><u>\$ 46,287</u></u>	<u><u>\$ 52,951</u></u>

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES:		
Current Portion of Long-Term Debt	\$ 9,767	\$ 8,709
LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Meter Deposits Payable	10,303	10,660
LONG-TERM LIABILITIES:		
Note Payable	61,679	80,655
TOTAL LIABILITIES	<u>81,749</u>	<u>100,024</u>
FUND EQUITY:		
Restricted Net Assets	18,369	23,238
Unrestricted Net Assets	(53,831)	(70,311)
TOTAL FUND EQUITY	<u>(35,462)</u>	<u>(47,073)</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$ 46,287</u></u>	<u><u>\$ 52,951</u></u>

See Independent Accountants' Compilation Report.

BUCKNER WATER WORKS
STATEMENTS OF CASH RECEIPTS AND
CASH DISBURSEMENTS - CASH BASIS
FOR YEARS ENDED DECEMBER 31, 2019 AND 2018

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	2019	2018
CASH RECEIPTS:		
Customer Collections	\$ 90,302	\$ 81,681
Meter Deposits Received	646	375
Transfers from General Fund	-	4,997
Proceeds from Maturity of Certificate of Deposit	32,580	27,615
Interest Received	878	488
TOTAL CASH RECEIPTS	<u>124,406</u>	<u>115,156</u>
CASH DISBURSEMENTS:		
Payments to General Fund for Trash Fees	7,855	5,484
Salaries, Wages, and Payroll Taxes	43,549	42,804
Sales Tax Remittance	5,215	5,570
Truck Expense	1,299	1,299
Insurance	4,703	4,551
Legal and Accounting	-	1,250
Utilities	5,562	4,305
Repairs and Supplies	8,292	14,102
Chemicals	5,085	6,111
Testing Fees	501	578
Debt Service	13,620	13,620
Meter Deposits Refunded	1,003	-
Purchase of Certificate of Deposit	30,882	13,620
Miscellaneous	1,806	2,627
TOTAL CASH DISBURSEMENTS	<u>129,372</u>	<u>115,921</u>
NET CHANGE IN CASH	<u>(4,966)</u>	<u>(765)</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	20,371	21,136
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 15,405</u>	<u>\$ 20,371</u>

See Independent Accountants' Compilation Report.

BUCKNER WATER WORKS
SCHEDULE OF CASH AND CERTIFICATES OF DEPOSIT
DECEMBER 31, 2019

Farmers Bank & Trust:

General Revenue Fund Checking	\$ 2,033
Operating and Maintenance Fund Checking	415
Meter Fund Checking	8,761
Depreciation Fund Checking	4,196
Meter Fund Certificate of Deposit	1,724
Debt Service Reserve Fund Certificate of Deposit	<u>13,991</u>

Total Farmers Bank & Trust	31,120
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First National Bank:

General Revenue Fund Certificate of Deposit	15,167
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TOTAL CASH AND CERTIFICATES OF DEPOSIT

<u>\$ 46,287</u>
