

CALDWELL WATER DEPARTMENT  
CALDWELL, ARKANSAS  
INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED DECEMBER 31, 2020

MEYER AND WARD, P.A.  
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WYNNE, AR 72396

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To the Mayor and Members of the City Council  
Caldwell Water Department  
Caldwell, Arkansas 72322

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 Caldwell Water Department for the year ended December 31, 2020. 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 Caldwell Water Department. 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.

**Cash and Investments**

1. We performed a proof of cash for the year and reconciled year end bank balances to book balances.
2. We obtained confirmation of the cash on deposit for the Caldwell Water Department:

| <u>First National Bank of Eastern Arkansas</u> |                  |
|------------------------------------------------|------------------|
| Cash - Operating                               | \$ 4,713         |
| Cash - Savings                                 | 2,963            |
| Cash - Construction                            | 5,531            |
|                                                | <u>\$ 13,207</u> |

3. We agreed the proof of cash ending balances to the book balances.

We found no exceptions as a result of these procedures.

### **Receipts**

1. All customer billing, collections, disputes and adjustments are handled by the Forrest City Water and Sewer Department. A monthly check is remitted to the Caldwell Water Department for their share of the collections. We agreed all amounts per the monthly Forrest City Water and Sewer Department remittance reports to the cash receipts journal and to deposits made to the Caldwell Water Department bank account.

We found no exceptions as a result of these procedures.

### **Accounts Receivable**

1. All accounts receivable were billed, and adjustments made, by the Forrest City Water and Sewer Department. All collections are sent to the Caldwell Water Department monthly along with monthly remittance reports. We agreed all collections posted to the monthly remittance reports, and amounts deposited.

We found no exceptions as a result of these procedures.

### **Cash Disbursements**

1. Agreed the disbursements per the proof of cash for the year with the disbursements per the journal within 5 %.
2. Analyzed all property, plant and equipment disbursements.
3. Selected 10 disbursements and determined that they were adequately documented.

We found no exceptions as a result of these procedures.

### **Property, Plant, and Equipment**

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:

|                                                                      | <b><u>12/31/2019</u></b> | <b><u>Additions</u></b> | <b><u>Reductions</u></b> | <b><u>12/31/2020</u></b> |
|----------------------------------------------------------------------|--------------------------|-------------------------|--------------------------|--------------------------|
| 5% ANRC Notes Payable in annual installments of \$2,975 through 2031 | \$ 26,375                | \$ -                    | \$ 1,656                 | \$ 24,719                |
|                                                                      | <u>\$ 26,375</u>         | <u>\$ -</u>             | <u>\$ 1,656</u>          | <u>\$ 24,719</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 reserve accounts have been established and maintained.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items. 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.

This report is intended solely for the information and use of the Town of Caldwell Water Department 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

September 22, 2021

CALDWELL WATER DEPARTMENT  
FINANCIAL STATEMENTS – CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
AND  
INDEPENDENT ACCOUNTANT’S COMPILATION REPORT

MEYER AND WARD, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
P.O. BOX 1045  
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**CALDWELL WATER DEPARTMENT  
CALDWELL, ARKANSAS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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|---------------------------------------------------------------------|-------|
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CERTIFIED PUBLIC ACCOUNTANTS  
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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Members of the City Council  
Caldwell Water Department  
Caldwell, Arkansas 72322

Management is responsible for the accompanying financial statements of Caldwell Water Department, which comprise the statement of assets, liabilities and net position – cash basis 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  
September 22, 2021

**CALDWELL WATER DEPARTMENT  
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - CASH BASIS  
DECEMBER 31 2020**

**ASSETS**

**CURRENT ASSETS**

|                      |              |
|----------------------|--------------|
| Cash - Operating     | \$ 4,713     |
| Cash - Savings       | <u>2,963</u> |
| Total Current Assets | <u>7,676</u> |

**RESTRICTED ASSETS**

|                         |              |
|-------------------------|--------------|
| Cash - Construction     | <u>5,531</u> |
| Total Restricted Assets | <u>5,531</u> |

**PROPERTY, PLANT, AND EQUIPMENT**

|                               |                  |
|-------------------------------|------------------|
| Water Lines and System        | 673,319          |
| Less Accumulated Depreciation | <u>(136,282)</u> |
| Net Fixed Assets              | <u>537,037</u>   |

**TOTAL ASSETS**

\$ 550,244

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**CALDWELL WATER DEPARTMENT  
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION - CASH BASIS  
DECEMBER 31, 2020**

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

|                                  |              |
|----------------------------------|--------------|
| Current Portion of notes payable | \$ 1,739     |
| Total Current Liabilities        | <u>1,739</u> |

**LONG TERM LIABILITIES**

|                                       |               |
|---------------------------------------|---------------|
| Notes payable, net of current portion | <u>22,980</u> |
|---------------------------------------|---------------|

|                          |               |
|--------------------------|---------------|
| <b>TOTAL LIABILITIES</b> | <u>24,719</u> |
|--------------------------|---------------|

**NET POSITION**

|                                  |                |
|----------------------------------|----------------|
| Net investment in capital assets | 512,318        |
| Unrestricted                     | <u>13,207</u>  |
| Total Net Position               | <u>525,525</u> |

|                                           |                          |
|-------------------------------------------|--------------------------|
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <u><u>\$ 550,244</u></u> |
|-------------------------------------------|--------------------------|

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**CALDWELL WATER DEPARTMENT  
STATEMENT OF RECEIPTS AND DISBURSEMENTS-CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

|                                                       |                           |
|-------------------------------------------------------|---------------------------|
| Operating Receipts                                    |                           |
| Water Fees                                            | \$ 148,253                |
| Total Operating Receipts                              | <u>148,253</u>            |
| Operating Disbursement                                |                           |
| Billing Fees and water purchased                      | 147,830                   |
| Salaries, Payroll taxes and fringe                    | 14,566                    |
| Utilities                                             | 493                       |
| Depreciation                                          | 16,113                    |
| Licenses, fees, and miscellaneous                     | 2,209                     |
| Repairs and Maintenance                               | 16,550                    |
| Professional Fees                                     | 1,250                     |
| Total Operating Disbursements                         | <u>199,011</u>            |
| Non-Operating Receipts (disbursements):               |                           |
| Interest Income                                       | 4                         |
| Interest Expense                                      | <u>(1,319)</u>            |
| Non-Operating Income (Loss)                           | <u>(1,315)</u>            |
| Excess (Deficiency) of Receipts<br>Over Disbursements | <u><u>\$ (52,073)</u></u> |

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT