

CALDWELL WATER DEPART
CALDWELL, ARKANSAS
FOR THE YEAR ENDED DECEMBER 31, 2023

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

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

The City of Caldwell Water Department 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 Caldwell Water Department have agreed to and acknowledged 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 as 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 purpose.

The procedures and 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 balances to the book balances.

Cash – Cont'd

First National Bank of Eastern Arkansas	
Cash - Operating	\$ 57,182
Cash - Savings	7,904
Cash - Construction	5,531
	<u>\$ 70,617</u>

We found no exceptions as a result of these procedures.

Cash 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 the procedures.

Cash Disbursements

1. We agreed the disbursements per the proof of cash for the year with the disbursements per the general ledger.
2. We analyzed all property, plant and equipment disbursements.
3. We tested a sample of 10 disbursements in order to determine if they were adequately documented.

We found no exceptions as a result of these procedures.

Property, Plant, and Equipment

1. 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

1. Long-Term debt was confirmed with lenders; the balances are summarized below:

	<u>12/31/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2023</u>
5% ANRC Notes Payable in annual installments of \$2,975 through 2031	21,154		1,917	19,237
	<u>\$ 21,154</u>	<u>\$ -</u>	<u>\$ 1,917</u>	<u>\$ 19,237</u>

Terms of the loan agreement and Arkansas Law require that transfers be made to a depreciation reserve account in the amount of 5% of gross revenue or \$10,390. We noted transfers to the depreciation reserve account of \$4,048 which represents a deficit of \$ 6,342.

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 Caldwell Water Department 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 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 72396
January 21, 2025

CALDWELL WATER DEPARTMENT
FINANCIAL STATEMENTS – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023
AND
INDEPENDENT ACCOUNTANT'S REPORT

MEYER AND WARD, P.A.
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CITY OF CALDWELL WATER DEPARTMENT
CALDWELL, ARKANSAS
FOR THE YEAR ENDED DECEMBER 31, 2023

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CERTIFIED PUBLIC ACCOUNTANTS
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WYNNE, AR 72396

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying financial statements of City of Caldwell Water Department, which comprise the statement of assets, liabilities and net position – cash basis and the related statement of revenues and expenses- cash basis as of December 31, 2023 and 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, P.A.
Certified Public Accountants
Wynne, AR 72396

January 21, 2025

CITY OF CALDWELL WATER DEPARTMENT
 STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION – CASH BASIS
 DECEMBER 31, 2023

ASSETS

Current Assets	
Cash - Operating	\$ 57,182
Total Current Assets	<u>57,182</u>
Restricted Assets	
Cash - Construction	5,531
Cash - Depreciaton Reserve	<u>7,904</u>
Total Restricted Assets	<u>13,435</u>
Property, Plant and Equipment	
Water Lines and System	720,615
(Less) Accumulated Depreciation	<u>(188,562)</u>
Net Property, Plant and Equipment	<u>532,053</u>
Total Assets	<u><u>\$ 602,670</u></u>

See independent accountant's compilation report.

CITY OF CALDWELL WATER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION – CASH BASIS
DECEMBER 31, 2023

LIABILITIES AND NET POSITION

Current Liabilities	
Current portion of long term debt	\$ 962
Total Current Liabilities	<u>962</u>
Long Term Liabilities	
Notes Payable net of Current Portion	<u>18,275</u>
Net Position	
Net Investment in Capital Assets	512,816
Restricted	7,904
Unrestricted	<u>62,713</u>
Total Net Assets	<u>583,433</u>
Total Liabilities and Net Position	<u><u>\$ 602,670</u></u>

See independent accountant's compilation report.

CITY OF CALDWELL WATER DEPARTMENT
STATEMENT OF REVENUES AND EXPENSES – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Operating Receipts	
Water Fees	\$ 207,818
Total Operating Receipts	<u>207,818</u>
Operating Disbursement	
Billing Fees and water purchased	126,524
Salaries, Payroll taxes and fringe	3,719
Utilities	476
Depreciation	19,266
Fuel	104
Licenses, fees, and miscellaneous	2,973
Repairs and Maintenance	22,642
Professional Fees	2,100
Total Operating Disbursements	<u>177,804</u>
Non-Operating Receipts (disbursements):	
Interest Income	13
Interest Expense	<u>(1,058)</u>
Non-Operating Income (Loss)	<u>(1,045)</u>
Excess (Deficiency) of Receipts Over Disbursements	<u><u>\$ 28,969</u></u>

See independent accountant's compilation report.