

Agreed Upon Procedures

City of Calion Water and Sewer

For the Year Ended December 31, 2019

PARKS & COMPANY PLC

A PROFESSIONAL LIMITED COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

441 NORTH WASHINGTON AVENUE
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(870) 862-3401
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MEMBER
AMERICAN INSTITUTE OF CPAS

MEMBER
ARKANSAS SOCIETY OF CPAS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the City Council
City of Calion
Water and Sewer Department
Calion, Arkansas

We have performed the procedures enumerated below which are required by the state of Arkansas and which were agreed to by the Calion city council solely to assist you with respect to the accounting records of the city of Calion Water and Sewer Department as of December 31, 2019. The city of Calion Water and Sewer Department's management is responsible for the company's accounting records. This agreed-upon procedures 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 those parties specified in the report. 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.

Our procedures and findings are as follows:

Cash and Investments

1. A. Perform a proof of cash for the year and reconcile year-end bank balances to book balance.
- 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 performing the procedures.

Receipts

2. 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 10 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 performing the procedures.

Accounts Receivable

3. A. Agree 10 customer billings to the accounts receivable sub-ledger.
- B. Determine that the customer adjustment was properly authorized.

We found no exceptions as a result of performing the procedures. Customer billing adjustments were discussed and approved during the monthly meetings of the city council as documented in the council minutes.

Disbursements

4. 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 ten (10) disbursements and determine if they were adequately documented.

The water and sewer department has a credit card from Simmons Bank to use for certain types of expenditures. The use of a credit card increases the risk of fraud due to the lack of dual authorization and control of the expenditures. We noted that credit card charges were discussed and approved in city council meetings.

Property, Plant and Equipment

5. 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 performing the procedures.

Long-Term Debt

6. 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 performing the procedures.

General

7. 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 performing the procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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.

This report is intended solely for the information and use of the management of the City of Calion Water and Sewer Department and is not intended to be and should not be used by anyone other than the city's management.

October 27, 2020

Financial Statements

CALION WATER AND SEWER SYSTEM

December 31, 2019

**Calion Water and Sewer
Statement of Net Position
December 31, 2019**

ASSETS

Current Assets

Unrestricted -

Cash	\$ 114,194
Accounts receivable, net	11,522
Inventory	9,797

Restricted -

Cash	48,815
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Total current assets	184,328
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Non-Current Assets

Capital assets -

Non-depreciable	29,514
Depreciable	4,085,910
Less: Accumulated depreciation	(1,430,875)

Total non-current assets	2,684,549
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TOTAL ASSETS

\$ 2,868,877

LIABILITIES

Current Liabilities

Accounts payable and accrued expenses	\$ 16
Current portion of long-term debt	5,494
Total current liabilities	5,510

Non-Current Liabilities

Customer deposits	27,231
Due to other city funds	53,761
Bonds payable	283,821
Total non-current liabilities	364,813

TOTAL LIABILITIES

\$ 370,323

NET POSITION

Invested in capital assets, net of related debt	\$ 2,395,234
Restricted	21,584
Unrestricted	81,736

TOTAL NET POSITION

\$ 2,498,554

TOTAL LIABILITIES AND NET POSITION

2,868,877

Calion Water and Sewer
Statement of Revenues, Expenses and Changes in Net Position
December 31, 2019

Operating Revenues	
Usage charges	\$ 141,468
Sewer construction charges	11,400
Fees and penalties	14,152
Other income	6,054
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Total operating revenues	173,074
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Operating Expenses	
Salaries and wages	43,277
Payroll taxes	3,487
Employee retirement	913
Utilities and telephone	23,968
Maintenance, repair & supply	35,135
Mileage reimbursements	1,778
Vehicle operating	1,094
Legal and accounting	4,000
Permits, licenses, and fees	8,766
Chemicals	4,548
Supplies	7,345
Travel	1,265
Dues and subscriptions	907
Office and administrative	2,433
Depreciation	80,154
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Total operating expenses	219,070
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Net operating income (loss)	(45,995)
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Non-operating income (expense)	
Interest income	238
Interest expense	(5,479)
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Total non-operating revenues (expenses), net	(5,241)
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Net income	(51,237)
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Change in net position	(51,237)
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Net Position, beginning of year	2,549,791
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Net Position, end of year	\$ 2,498,554
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To the City Council
Calion, Arkansas

Management is responsible for the accompanying statement of net position as December 31, 2019 and the related statement of revenues, expenses and changes in net position for the year then ended of the Calion Water and Sewer System in accordance with accounting principles generally accepted in the United States of America. 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. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the City'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.

El Dorado, Arkansas
October 27, 2020