

*Agreed Upon Procedures*

**City of Calion Water and Sewer**

*For the Year Ended December 31, 2021*

# PARKS & COMPANY PLC

A PROFESSIONAL LIMITED COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

441 NORTH WASHINGTON AVENUE  
EL DORADO, AR 71730  
(870) 862-3401  
FAX (870) 862-0936

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  
Calion, Arkansas

We have performed the procedures described in Schedule A on the financial records of Calion Water and Sewer and on the minutes of the City Council meetings for the year ended December 31, 2021. The City of Calion Water and Sewer's management is responsible for the company's accounting records and minutes of council meetings.

Calion Water and Sewer has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with the requirements of the State of Arkansas Code Annotated §§ 14-234-119 through 122 for the year ended December 31, 2021. 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 described in Schedule A.

We were engaged by Calion Water and Sewer to perform this engagement to apply agreed-upon procedures 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 audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial statements of Calion Water and Sewer as of December 31, 2021. 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 Calion Water and Sewer 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 Calion Water and Sewer, the city of Calion City Council and Arkansas Legislative Audit and is not intended to be and should not be used by anyone other than these specified parties.



El Dorado, Arkansas  
December 20, 2022

## SCHEDULE A

### 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 5 customer adjustments were 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 all debt with third parties.
  - 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.

**Financial Statements**

**CALION WATER AND SEWER SYSTEM**

**December 31, 2021**

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To the City Council  
Calion, Arkansas

Management is responsible for the accompanying statement of net position as December 31, 2021 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.

*Parks & Company PLC*

El Dorado, Arkansas  
December 20, 2022

**Calion Water and Sewer  
Statement of Net Position  
December 31, 2021**

**ASSETS**

**Current Assets**

Cash	\$ 108,796
Accounts receivable, net	4,205
Inventory	9,797
	122,798
Total current assets	122,798

**Restricted Assets**

Cash	65,269
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**Non-Current Assets**

Capital assets -	
Non-depreciable	29,247
Depreciable	4,091,842
Less: Accumulated depreciation	(1,596,070)
Total non-current assets	2,525,019

**TOTAL ASSETS**

**\$ 2,713,086**

**LIABILITIES**

**Current Liabilities**

Accounts payable and accrued expenses	\$ 464
Current portion of long-term debt	5,704
	6,168
Total current liabilities	6,168

**Non-Current Liabilities**

Customer deposits	27,086
Due to other city funds	76,033
Bonds payable	272,519
	375,638
Total non-current liabilities	375,638

**TOTAL LIABILITIES**

**\$ 381,806**

**NET POSITION**

Invested in capital assets, net of related debt	\$ 2,246,796
Restricted	38,183
Unrestricted	46,301
	46,301

**TOTAL NET POSITION**

**\$ 2,331,280**

**TOTAL LIABILITIES AND NET POSITION**

**2,713,086**

**Calion Water and Sewer**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**December 31, 2021**

**Operating Revenues**

Usage charges	\$ 137,656
Fees and penalties	8,336
Other income	319
	146,311
Total operating revenues	146,311

**Operating Expenses**

Salaries and wages	53,983
Payroll taxes	4,978
Employee retirement	659
Utilities and telephone	22,603
Maintenance, repair & supply	19,641
Mileage reimbursements	1,626
Vehicle operating	241
Health Insurance	1,634
Permits, licenses, and fees	10,446
Chemicals	4,672
Supplies	4,053
Travel	1,031
Bad Debt	71
Office and administrative	6,960
Depreciation	83,031
	215,629
Total operating expenses	215,629

**Net operating income (loss)** (69,318)

**Non-operating income (expense)**

Interest income	141
Interest expense	(5,274)
	(5,133)
Total non-operating revenues (expenses), net	(5,133)

**Net income** (74,451)

**Change in net position** (74,451)

**Net Position, beginning of year** 2,405,731

**Net Position, end of year** \$ 2,331,280