

EMERSON WATER & SEWER DEPARTMENT



EMERSON, ARKANSAS

DECEMBER 31, 2022

EMERSON WATER & SEWER DEPARTMENT
EMERSON, ARKANSAS

TABLE OF CONTENTS
DECEMBER 31, 2022

	<u>PAGE NO.</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures	1 - 2
Independent Accountants' Compilation Report	3
Statement of Assets, Liabilities and Net Position - Modified Cash Basis - December 31, 2022	4
Statement of Revenues, Expenses and Changes in Net Position - Modified Cash Basis For Year Ended December 31, 2022	5

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and City Council
Emerson, Arkansas

We have performed the procedures enumerated below on the accounting records of Emerson Water & Sewer Department as of and for the year ended December 31, 2022. Emerson Water & Sewer Department's management is responsible for the entity's accounting records.

Emerson Water & Sewer Department 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 ten deposits, 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 Emerson Water & Sewer Department 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 Emerson Water & Sewer Department. 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 Emerson Water & Sewer Department and to meet 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 Emerson Water & Sewer Department 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
Magnolia, Arkansas
August 8, 2024

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Emerson Water & Sewer Department
Emerson, AR

Management is responsible for the accompanying financial statements of Emerson Water & Sewer Department, which comprise the statement of assets, liabilities, and net position – modified cash basis as of December 31, 2022, and the related statement of revenues, expenses, and changes in net position for the year then ended, and for determining that the modified 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. 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 modified 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 modified cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about Emerson Water & Sewer Department's cash position, and results of operations – modified 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 accounting principles generally accepted in the United States of America require 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.

Turner, Rodgers, Manning & Plyler, PLLC
Magnolia, Arkansas
August 8, 2024

EMERSON WATER & SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES
AND NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2022

Page 4

ASSETS

CURRENT ASSETS:	
Cash and Cash Equivalents	\$ 127,918
FIXED ASSETS:	
Land	8,000
Water and Sewer System	23,564
Equipment and Vehicles	989,810
Tanks and Wells	377,260
Less: Accumulated Depreciation	<u>(754,707)</u>
TOTAL FIXED ASSETS	643,927
TOTAL ASSETS	<u><u>\$ 771,845</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:	
Bonds Payable - Current	\$ 45,122
Meter Deposits Payable	11,725
Payroll Taxes Payable	<u>2,635</u>
TOTAL CURRENT LIABILITIES:	59,482
LONG-TERM LIABILITIES:	
Bonds Payable (Net of Unamortized Bond Issuance Costs of \$6,026)	322,214
TOTAL LIABILITIES	<u>381,696</u>
NET POSITION:	
Invested in Capital Assets Net of Related Debt	116,146
Unrestricted	<u>274,003</u>
TOTAL NET POSITION	390,149
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 771,845</u></u>

See Independent Accountants' Compilation Report.

EMERSON WATER & SEWER DEPARTMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
MODIFIED-CASH BASIS
FOR YEAR ENDED DECEMBER 31, 2022

Page 5

OPERATING REVENUES:	
Water Sales	\$ 344,063
Wastewater Sales	43,884
Grant Income	173,716
Other Income	932
TOTAL OPERATING REVENUES	562,595
OPERATING EXPENSES:	
Amortization	319
Contract Labor	6,479
Depreciation	54,299
Dues and Fees	9,534
Equipment Expense	8,486
Gas/Oil Expense	9,831
Insurance	-
Office Expense	4,261
Professional Fees	13,464
Repairs and Maintenance	37,015
Salaries	129,908
Payroll Tax Expense	11,676
Sales Tax	10,294
Supplies	25,943
Travel	2,577
Utilities and Telephone	37,501
Miscellaneous	2,339
TOTAL OPERATING EXPENSES	363,926
OPERATING INCOME	198,669
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	11
Interest Expense	(7,561)
TOTAL NON-OPERATING REVENUE (EXPENSES)	(7,550)
NET CHANGE IN NET POSITION	191,119
NET POSITION - BEGINNING OF YEAR	199,030
NET POSITION - END OF YEAR	\$ 390,149

See Independent Accountants' Compilation Report.