

CITY OF HUGHES WATER AND SEWER DEPARTMENT  
HUGHES, ARKANSAS  
INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

MEYER AND WARD, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
P.O. BOX 1045  
WYNNE, AR 72396

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Members of the City Council  
City of Hughes Water and Sewer Department  
Hughes, Arkansas 72348

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 City of Hughes Water and Sewer Department for the year ended September 30, 2021. 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 City of Hughes Water and Sewer 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 Hughes Water and Sewer Department:

Fidelity National Bank		
Operation and Maintenance	\$	19,324
Revenue		641
Revenue 3%		51,637
Regions		8,494
Certificates of Deposit		69,084
	\$	<u>149,180</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. Agreed the deposits per the proof of cash for the year with the deposits per the receipts journal.
2. Agreed 10 customer payments on the accounts receivable sub ledger to deposit and billing documents.

We found no exceptions as a result of these procedures.

### **Accounts Receivable**

1. Agreed 10 customer billings to the accounts receivable sub ledger.
2. Reviewed five customer adjustments for proper authorization.

As a result of these procedures, we noted that billings were properly posted and adjustments were properly documented as to review and authorization.

### **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**

1. We scheduled long-term debt and verified changes in the balances for the year.
2. We confirmed the loan payables with the lenders.

3. We determined that appropriate debt service accounts have been established and maintained.

A summary of long-term debt activity is as follows:

	<u>9/30/2020</u>	<u>additions</u>	<u>reductions</u>	<u>9/30/2021</u>
5% N/P - USDA; \$147/mo thru 2030 pledge of future rev	\$ 13,018	\$ -	\$ 1,139	\$ 11,879
5% N/P - USDA; \$1,461/mo thru 2030 pledge of future rev	78,867		13,905	64,962
4.75% B/P - ANRC; \$16,316/ bi-annual thru 2040 future rev & PPE pledged	396,917		21,866	375,051
	<u>\$ 488,802</u>	<u>                    </u>	<u>\$ 36,910</u>	<u>\$ 451,892</u>

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 perform 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.

This report is intended solely for the information and use of the City of Hughes Water and Sewer 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

March 9, 2022

CITY OF HUGHES WATER AND SEWER DEPARTMENT  
FINANCIAL STATEMENTS – CASH BASIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021  
AND  
INDEPENDENT ACCOUNTANT’S COMPILATION REPORT

MEYER AND WARD, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
P.O. BOX 1045  
WYNNE, AR 72396

**CITY OF HUGHES WATER AND SEWER DEPARTMENT  
HUGHES, ARKANSAS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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MEYER AND WARD, P.A.  
CERTIFIED PUBLIC ACCOUNTANTS  
P.O. BOX 1045  
WYNNE, AR 72396

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Members of the City Council  
City of Hughes Water and Sewer Department  
Hughes, Arkansas 72348

Management is responsible for the accompanying financial statements of Hughes Water and Sewer 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  
March 9, 2022

**CITY OF HUGHES WATER AND SEWER DEPARTMENT  
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION- CASH BASIS  
SEPTEMBER 30, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 20,238
Certificates of Deposit	25,085
Total Current Assets	<u>45,323</u>

**RESTRICTED ASSETS**

Cash in Escrow	8,494
Cash - Depreciation Reserve	51,637
Certificates of deposit - debt service	43,999
Total Restricted Assets	<u>104,130</u>

**PROPERTY, PLANT AND EQUIPMENT**

Equipment	67,886
Water Tower	128,100
Water and Sewer Line Replacement	1,967,786
Utility Plant	1,474,830
Total	<u>3,638,602</u>
Less Accumulated Depreciation	<u>(2,141,891)</u>
Net Property, Plant and Equipment	<u>1,496,711</u>

<b>TOTAL ASSETS</b>	<b><u>\$ 1,646,164</u></b>
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**SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

**CITY OF HUGHES WATER AND SEWER DEPARTMENT  
STATEMENT OF NET POSITION - CASH BASIS  
SEPTEMBER 30, 2021**

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

Sales Tax and Withholdings Payable	\$	162
Due to City General Fund		10,515
Due to other funds		19,452
Current Maturities of Long Term Debt		38,285
Total Current Liabilities		<u>68,414</u>

**PAYABLE FROM RESTRICTED ASSETS**

Customer Meter Deposits		<u>13,992</u>
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**LONG TERM LIABILITIES**

Notes payable, net of current portion		<u>413,607</u>
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**TOTAL LIABILITIES**

496,013

**NET POSITION**

Net investment in capital assets		460,169
Restricted for debt service		43,999
Unrestricted		645,983
Total Net Position		<u>1,150,151</u>

**TOTAL LIABILITIES AND NET POSITION**

\$ 1,646,164

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

CITY OF HUGHES WATER AND SEWER DEPARTMENT  
 STATEMENT OF REVENUES AND EXPENSES – CASH BASIS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

**OPERATING REVENUES:**

Water fees	\$ 95,276
Sewer fees	76,265
Other revenues	5,397
	176,938

**OPERATING EXPENSES:**

Salaries and Labor	13,908
Depreciation	73,774
Utilities and Telephone	24,827
Operating Maintenance and Supplies	7,363
Insurance	5,418
Maintenance and Repairs	10,616
Miscellaneous	3,652
Permits, Licenses and Dues	4,691
Postage	1,704
Fuel and Vehicle	6,954
Professional Services	27,318
Sales Tax	10,280
Lab Tests	2,841
	193,346

Operating Income (Loss)	(16,408)
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**Non-operating revenues (expenses)**

Transfers to City	(2,068)
Interest expense	(15,017)
Interest income	109

<b>EXCESS (DEFICIENCY) OF REVENUE</b>	<b>(16,976)</b>
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**OVER EXPENSE**

	<b>\$ (33,384)</b>
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SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT