

CITY OF LAKEVIEW WATER AND SEWER DEPARTMENT
LAKEVIEW, ARKANSAS
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED DECEMBER 31, 2022

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Members of the City Council
City of Lakeview Water and Sewer Department
Lakeview, Arkansas 72642

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON
PROCEDURES**

We have performed the procedures enumerated below on compliance with Ark.. Code Ann. 14-234-119 to 122, of the City of Lakeview Water and Sewer Department as of December 31, 2022 and for the year then ended. The City of Lakeview Water and Sewer Department's management is responsible for the Department's accounting records.

City of Lakeview, Arkansas Water and Sewer 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 Lakeview, Arkansas Water and Sewer Department have agreed to and acknowledged that the procedures performed are appropriate for its purpose. This report may not be suitable for other purpose. 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 the 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 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 Lakeview Water and Sewer Department:

First National Bank of Eastern Arkansas:

Cash - Sewer Fund	\$	1,069
Cash - Depreciation		4,863
Cash - Operating and Maintenance		1,455
Cash - Sewer Reserve		1,222
Cash - Water Reserve		7,171
Cash - Water and Sewer Revenue		237
Cash - Customer deposit		254
	\$	<u>16,271</u>

Cash and Investments – cont'd

3. As a result of these procedures, we noted that the Sewer fund account, the Operating and Maintenance Account, and the Revenue account were not properly reconciled at year end.

Receipts

1. Compared the deposits per the proof of cash for the year with the deposits per the general ledger.
2. Agreed 10 customer payments on the accounts receivable subledger to deposit and billing documents.

As a result of this procedure, we noted that customer deposits posted to the general ledger exceeded amounts deposited per the proof of cash by \$ 21,680.

We also noted that receipts posted to customer accounts receivable accounts did not agree with bank deposits. The total cash deposited was \$ 111,501 and the total cash receipts posted to the Accounts Receivable and billing system was \$ 125,100.

Accounts Receivable

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

As a result of these procedures we noted no evidence of independent review and approval of adjustments.

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. We did note that no detail records of property and equipment was available.

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 reviewed debt service accounts to determine if appropriate reserves have been established and maintained.

Terms of the loan agreements require that transfers be made to debt service reserve accounts, and depreciation reserve accounts. We noted that the appropriate transfers were not made as required. At year end, the City should have had \$ 29,160 in debt service reserve accounts. The actual amount held was \$ 8,393.

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

	<u>12/31/2021</u>	<u>additions</u>	<u>reductions</u>	<u>12/31/2022</u>
4.25% Note payable to USDA, due in monthly installments of \$1,506	\$ 28,707	\$ -	\$ 17,184	\$ 11,523
5% Note payable to USDA, due in monthly installments of \$ 924 annual installments of \$7,025 through 2029	30,344		9,793	20,551
5.0% Note payable to Arkansas Natural Resource Commission, due in annual installments of \$8,844	89,717		2,281	87,436
	<u>\$ 148,768</u>	<u>\$ -</u>	<u>\$ 29,258</u>	<u>\$ 119,510</u>

We were engaged by the City of Lakeview Water and 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 specified elements, accounts or items. 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 the City of Lakeview Water and Sewer Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedure engagement.

Meyer & Ward

Meyer & Ward, P.A.
Certified Public Accountants
Wynne, AR

December 18, 2023

CITY OF LAKEVIEW WATER AND SEWER DEPARTMENT
FINANCIAL STATEMENTS – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022
AND
INDEPENDENT ACCOUNTANT’S COMPILATION REPORT

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

**CITY OF LAKEVIEW WATER AND SEWER DEPARTMENT
LAKEVIEW, ARKANSAS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Members of the City Council
City of Lakeview Water and Sewer Department
Lakeview, Arkansas 72642

Management is responsible for the accompanying financial statements of Lakeview Water and Sewer Department, which comprise the statement of assets, liabilities and net position – cash basis as of December 31, 2022 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
December 18, 2023

**CITY OF LAKEVIEW WATER AND SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION - CASH BASIS
DECEMBER 31, 2022**

ASSETS	
CURRENT ASSETS	
Cash	\$ 2,761
Total Current Assets	<u>2,761</u>
RESTRICTED ASSETS	
Cash-Debt Service Reserve	8,393
Cash-Depreciation Reserve	4,863
Cash- meter deposit	254
Total Restricted Assets	<u>13,510</u>
FIXED ASSETS-AT COST	
Water and Sewer System	310,000
Less Accumulated Depreciation	<u>(109,696)</u>
Net Fixed Assets	<u>200,304</u>
TOTAL ASSETS	<u><u>\$ 216,575</u></u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**CITY OF LAKEVIEW WATER AND SEWER DEPARTMENT
STATEMENT OF ASSETS, LIABILITIES, AND NET POSITION - CASH BASIS
DECEMBER 31, 2022**

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Current portion of notes payable	\$ 28,103
Total Current Liabilities	<u>28,103</u>

**CURRENT LIABILITIES PAYABLE FROM
RESTRICTED ASSETS**

Customer Deposits	<u>8,503</u>
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LONG TERM LIABILITIES

Notes payable, net of current portion	<u>91,407</u>
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TOTAL LIABILITIES	<u><u>128,013</u></u>
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NET POSITION

Net investment in capital assets	80,794
Restricted for debt service	8,393
Unrestricted	<u>(625)</u>
Total Net Position	<u>88,562</u>

TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 216,575</u></u>
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SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

**CITY OF LAKEVIEW WATER AND SEWER DEPARTMENT
STATEMENT OF RECEIPTS AND DISBURSEMENTS-CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Cash Receipts:

Water	\$ 59,109
Sewer	25,332
Transfers from other funds	2,934
Interest	11
Total Operating Receipts	<u>87,386</u>

Cash Disbursements:

Salaries	22,958
Contract Labor	1,216
Utilities	13,517
Supplies	1,210
License permits and fees	1,746
Principle payments on notes	29,260
Interest expense	5,937
Taxes	8,880
Other expense	1,384
Total Cash Disbursements	<u>86,108</u>

Increase (Decrease) in Cash and Restricted Cash	1,278
Beginning Cash and Restricted Cash at 01-01-22	<u>14,993</u>
Ending Cash and Restricted Cash at 12-31-22	<u><u>\$ 16,271</u></u>

SEE INDEPENDENT ACCOUNTANT'S COMPILATION REPORT