

**CITY OF LESLIE WATER & SEWER DEPARTMENT**  
**FINANCIAL STATEMENTS**  
December 31, 2021

## TABLE OF CONTENTS

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	Page
<b>INDEPENDENT ACCOUNTANT'S REPORT</b>	
Applying Agreed Upon Procedures	1
Compilation Report	4
<b>FINANCIAL STATEMENTS</b>	
Statement of Net Position	5
Statement of Revenues, Expenses and Changes in Net Position	6
Statement of Cash Flows	7

**SEARCY & ASSOCIATES, LLC**  
CERTIFIED PUBLIC ACCOUNTANTS

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

To the City Council of the  
City of Leslie Water & Sewer Department

We have performed the procedures enumerated below for the City of Leslie Water & Sewer Department, ("the Organization"), the year ended December 31, 2021. The Organization's management is responsible for accounting records.

The Organization 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:

**Cash and Investments**

1. Perform a proof of cash for the year and reconcile year-end bank balances to book balance.
2. Confirm with depository institutions the cash on deposit and investments.
3. Agree the proof of cash ending balances to the book balances within 5% or \$500, whichever is greater.

***Findings: No findings identified.***

**Receipts**

1. Agree the deposits per the proof of cash for the year with the deposits per the journal within 5% or \$500, whichever is greater.
2. Agree 10 customer payments on the accounts receivable sub-ledger to deposit and billing documents.
3. For one deposit, agree the cash/check composition of the deposit with receipt information.

***Findings: No findings identified.***

### Accounts Receivable

1. Agree 10 customer billings to the accounts receivable sub-ledger.
2. Determine that five (5) customer adjustments were properly authorized.

**Findings:** *No findings identified.*

### Disbursements

1. Agree the disbursements per the proof of cash for the year with the disbursements per the journal within 5% or \$ 500, whichever is greater.
2. Analyze all property, plant, and equipment disbursements.
3. Select all disbursements paid to employees other than payroll and ten other disbursements and determine if they were adequately documented.

**Findings:** *No findings identified.*

### Property, Plant, and Equipment

1. Determine that additions and disposals were properly accounted for in the records. (Materiality level - 5% of total equipment or \$500, whichever is greater.)

**Finding:** *List of property, plant, and equipment was not available and has not been maintained since the previous agreed upon procedures was completed.*

**Cause:** *A previous accounting firm was maintaining the list of property, plant, and equipment for the Organization. The accounting firm has not completed their engagements and have not maintained the schedule as has been done in previous periods.*

**Effect:** *It is an unfulfilled commitment from a third party to perform a service. The service not being performed has caused the Organization to fall out of compliance with adequate maintenance of property, plant, and equipment listing.*

**Recommendation:** *Try to get all records back from the previous accounting firm and request the most updated copy of property, plant, and equipment listing.*

### Long-Term Debt

2. Schedule long-term debt and verify changes in all balances for the year.
3. Confirm loans, bonds, notes, and contracts payable with lender/trustee/contractor.
4. Determine that the appropriate debt service accounts have been established and maintained.

**Findings:** *No findings identified.*

## General

1. Determine that any items of financial significance were approved and documented in the minutes of the governing body's meetings.

**Findings:** *No findings identified.*

We were engaged by the Organization 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. 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 the Organization 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 the Organization, Arkansas Legislative Joint Auditing Committee and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "Seavoy & Associates LLC". The signature is written in a cursive, flowing style.

Monticello, Arkansas  
December 2, 2023

# SEARCY & ASSOCIATES, LLC

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To the City Council of the  
City of Leslie Water & Sewer Department

Management is responsible for the accompanying financial statements of the City of Leslie Water & Sewer Department, ("the Organization"), a component unit of the City of Leslie, Arkansas, which comprised the statement of net position as of December 31, 2021 and the related statement of revenue, expenses, and changes in net position, and cash flows as of and for the year then ended, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents, 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, no 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 Organization's financial position, changes in net assets, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.



Monticello, Arkansas  
December 2, 2023

**WATER & SEWER DEPARTMENT OF THE CITY OF LESLIE, ARKANSAS**  
**STATEMENT OF NET POSITION**

December 31, 2021

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	<u>2021</u>
<u>Assets</u>	
<u>Current assets</u>	
Cash and cash equivalents	\$ 179,811
Accounts receivable (net)	<u>35,845</u>
Total current assets	215,656
 <u>Restricted cash and investments</u>	
Meter deposits	30,325
Debt reserve funds	<u>28,219</u>
Total restricted cash and investments	58,544
 Fixed assets, net of accumulated depreciation	<u>1,226,877</u>
 Total assets	<u><u>\$ 1,501,077</u></u>
 <u>Liabilities and Net Position</u>	
<u>Current liabilities</u>	
Accounts payable	\$ 15,648
Current portion of bonds payable	<u>46,643</u>
Total current liabilities	62,291
 <u>Long term liabilities</u>	
Bonds payable, net of current amount	237,625
Customer deposits	<u>30,325</u>
Total long term liabilities	267,950
 <u>Net position</u>	
Invested in capital assets, net of related debt	989,252
Restricted	28,219
Unrestricted	<u>153,365</u>
Total net position	<u>1,170,836</u>
 Total liabilities and net position	<u><u>\$ 1,501,077</u></u>

See Independent Accountant's Compilation Report.

**WATER & SEWER DEPARTMENT OF THE CITY OF LESLIE, ARKANSAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For the Year Ended December 31, 2021

	<u>2021</u>
<u>Operating revenues</u>	
Water & sewer sales	\$ 257,631
Connection fees	4,194
Other operating revenue	<u>864</u>
Total operating revenue	262,689
<u>Operating expenses</u>	
Water purchases	100,668
Salaries, wages, and benefits	58,317
Operating supplies	76,770
Depreciation	55,194
Utilities	35,071
License, permits, fees	5,406
Professional fees	4,813
Office supplies	<u>1,402</u>
Total operating expenses	337,641
Income / (loss) from operations	(74,952)
<u>Other revenue / (expenses)</u>	
Interest income	23
Bad debt	(18,500)
Interest expense	<u>(9,476)</u>
Total other revenue / (expenses)	<u>(27,953)</u>
<u>Change in net position</u>	(102,905)
<u>Net position, beginning of year</u>	1,273,741
Change in net invested in capital assets	(2,379)
Change in restricted assets	(40,219)
Change in unrestricted assets	<u>(60,307)</u>
Change in net position	<u>(102,905)</u>
<u>Net position, end of year</u>	<u>\$ 1,170,836</u>

See Independent Accountant's Compilation Report.



**WATER & SEWER DEPARTMENT OF THE CITY OF LESLIE, ARKANSAS**  
**STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2021

	<u>2021</u>
<u>Cash flows from operating activities</u>	
Cash received from customers	\$ 254,137
Payments for salaries, benefits, and services	(63,130)
Payments for operating and administrative expenses	<u>(228,793)</u>
Net cash provided by (used for) operating activities	(37,786)
<u>Cash flows from investing activities</u>	
Purchase of property, plant and equipment	(71,027)
<u>Cash flows from financing activities</u>	
Proceeds from debt issuance	71,027
Principal payments on debt	(6,172)
Change in customer deposits	<u>2,650</u>
Net cash provided by (used for) financing activities	<u>67,505</u>
<u>Change in cash and cash equivalents</u>	(41,308)
<u>Cash and cash equivalents, beginning of year</u>	<u>279,663</u>
<u>Cash and cash equivalents, end of year</u>	<u><u>\$ 238,355</u></u>

	<u>2021</u>
<u>Reconciliation of operating income to</u>	
<u>net cash from operating activities:</u>	
Operating income (loss)	<u>\$ (102,905)</u>
Adjustments to reconcile operating income to	
net cash from operating activities:	
Depreciation	55,194
Bad debt expense	18,500
Changes in assets and liabilities:	
Accounts receivable	(8,575)
Accounts payable	<u>-</u>
Total adjustments	65,119
Net cash provided by (used for) operating activities	<u><u>\$ (37,786)</u></u>

See Independent Accountant's Compilation Report.